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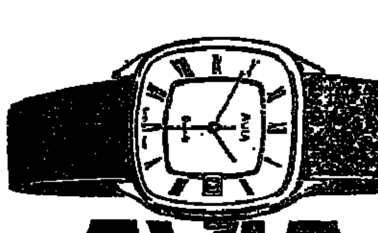

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NEWS SUMMARY

GENERAL

Tories suffer 4 defeats in Lords

The Government was defeated four times in a row in the House of Lords yesterday when bishops, Tory peers and Opposition joined forces to push through amendments to the Housing Bill.

The first defeat came on a clause which would have obliged councils to sell houses normally let to pensioners.

It is only the second time this session that the Government has lost a division in the Lords. Parliament, Page 9

Arab shot dead

Former Syrian premier Salah Eddin al-Bitar, an opponent of the present Syrian Government, was shot dead by a lone gunman in a Paris office. Page 3

Palestine rights

West Germany wants the EEC to prepare a joint resolution for today's UN general assembly emergency session on the Mid-east, supporting Palestinian rights. Page 2

Whaling ban call

International Whaling Commission's technical committee voted in Brighton to ban all commercial whaling. Page 6

BSC man fined

BSC manager James Ritchie Kain of Scunthorpe was fined £750 and given a suspended sentence for accepting bribes—the 11th BSC official from Scunthorpe to face corruption charges this year.

U.S. actors strike

The 47,000 strong U.S. Screen Actors Guild called a strike which could paralyse the major film studios. The guild wants a 48 per cent pay rise.

Minister resigns

Turkish Interior Minister Mustafa Gulcugil resigned after a week of political violence in which a former premier and an MP were killed.

Polish pay rise

Warsaw's newspaper delivery men were quickly awarded a Zloty 1,000 (£14) pay rise after they struck for six hours. Poland on a tightrope, Page 18

Kabul clampdown

Afghan President Babrak Karmal is tightening his control of the Government and has set up several new departments under his direct control. Page 3

Doc remanded

Soccer manager Tommy Docherty, 52, was remanded on bail at Bow Street court, London, on two summonses alleging perjury in the High Court.

Fuel bill plea

Government told offices, shops and factories to reduce heating this winter to cut Britain's fuel bill. Maximum temperature allowed will be 19C (66F). Page 6

Northants win

Northamptonshire won the Benson and Hedges Cup Final at Lords by six runs. Northants—209 all out (54.5 overs). Essex—203 for 8 (55 overs).

Briefly . . .

Tate Gallery paid £8,500 for letters between the Bloomsbury Group artists. Page 6

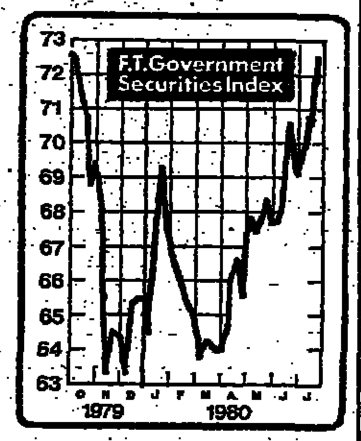
Work began on a £1.5m Olympic village for paraplegics in Aylesbury, Bucks.

Libya said its fighter aircraft crashed in Italy because the pilot had a heart attack.

BUSINESS

Gilts and gold rise: £ up as $ eases

● GILTS moved higher, especially at the long end, following the issue of a further £1bn of Treasury 11¾ per cent



1991 stock. Gains in longs extended to two points on strong demand. The FT Government Securities index rose 0.63 to 72.54. Page 36

● EQUITIES were at first boosted by gilts, but later eased in the absence of institutional support. The 30-share index, after crossing the 500 mark at one point, ended 1.3 lower at 496.0. Gold Mines rose 3.3 to 358.8. Page 36

● GOLD rose $10 an ounce to $618.5 in London. Page 27

● STERLING firmed to close at $2.3805 ($2.3745) slightly below its highest level for the day. Its trade-weighted index rose to 74.7 (74.6). Page 27

● DOLLAR weakened on the U.S. prime rate cut and signs of easier Federal Reserve monetary policy. It fell to DM 1.7415 (DM 1.7470) and SwFr 1.6020 (SwFr 1.6110). Its index eased to 83.1 (83.2). Page 27

● WALL STREET was 2.05 lower at 921.93 shortly before the close. Page 34

● OUTPUT in all sectors of the construction industry is falling according to the National Council of Building Material Producers. Page 6

● RETAIL spending has fallen sharply due to the recession, Department of Trade figures show. The seasonally-adjusted sales volume in the second quarter fell 2 per cent below the first. Page 7

● NORWAY has approved development of the Ula oilfield 174 miles from Stavanger by a consortium led by British Petroleum at a cost of £617m. Back Page

LABOUR

● PAY SETTLEMENTS in the coming wage round have been revised by some major companies to below 10 per cent in response to the worsening recession, the CBI has said. Back Page

● JOHN DICKINSON STATIONERY is to cut its workforce by 630 before mid-October and may introduce short-time working. Page 6

COMPANIES

● INITIAL SERVICES pre-tax profits for the year to March 31 rose to £16.06m (£11.9m) on increased turnover of £126.9m (£107.9m). Page 20

● CROWN HOUSE, the property and industrial group, reports pre-tax profits of £4.55m in the year to March 31, 1980 (£4.05m previously) although the company doubts whether higher profits will be made this year. Page 23

● PIRELLI hopes to achieve its target of balanced accounts this year after an operating loss last year of Lire 18.5bn (£9.38m) following better sales figures for tyres and cables in the first five months of 1980. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 13¾pc '00-03	£107	+ 2
Exchq. 12pc '13-17	£100¼	+ 1⅛
Alexanders Discnt.	257	+ 7
Allied Intl. Dsgnrs.	31	+ 3
Bibby (J.)	192	+ 6
Bullough	182	+ 12
GUS A	448	+ 6
Hawthorn Leslie	117	+ 6
Initial Services	160	+ 10
Joseph (L.)	190	+ 20
N. British Props.	151	+ 8
RMC	198	+ 6
Siebe Gorman	192	+ 15
Stndrd. Telephones	412	+ 18
Sterling Inds.	34	+ 4
Taylor Woodrow	456	+ 10
Tube Invs.	296	+ 6
Wearwell	57	+ 3
Candecca	200	+ 8
Carless Capel	166	+ 13
Anglo Amer. Crpn.	638	+ 23
De Beers Dfd.	428	+ 12
EZ Inds.	340	+ 20
Impala Platinum	318	+ 44

FALLS

Country & District	280	− 10
Dowty	250	− 9
Dunlop	78	− 4
Lambert Howarth	41	− 3
Norton (W. E.)	12½	− 2
Silentnight	36	− 3
Sothebys	423	− 15
Westland	120	− 5
Westward TV	19½	− 2½
Whitbread A	163	− 6
Yule Catto	97	− 13
Strata Oil	152	− 12
Esperance Mnrls.	290	− 35
Greenvale Mining	250	− 38
Haoma Gold	192	− 12
N. West Mining	168	− 16

Government to end monopoly in electricity supply

BY RICHARD EVANS AND MARTIN DICKSON

GOVERNMENT plans to breach the State monopoly in the supply of electricity and to inject private capital into State-owned docks were disclosed by Ministers yesterday. The announcements followed confirmation from Sir Keith Joseph, Industry Secretary, that the Post Office is to lose its telecommunications monopoly.

The series of announcements, all expected to entail legislation in the next Parliamentary session, underlined Mrs. Thatcher's determination to end State monopoly in as many areas as possible. Sharply increased competition in the public sector was one of the main planks in her election platform.

Sir Keith confirmed in his Commons statement that a Bill will be introduced in the autumn splitting the Post Office into posts and telecommunications. It will also allow, over about three years, private companies to compete in the supply of telephones, private exchanges and other telecommunications equipment.

Mr. David Howell, Energy Secretary, then said during a *Commons* debate *on* nationalised industries that legislation was planned to end the ban on the private production and sale of electricity as a main business. This in effect would end a 71-year State monopoly.

Mr. Howell's comments came as a surprise to MPs and the immediate reaction at Westminster was that it was a declaration of principle rather than an indication that the role of the Central Electricity Generating Board (CEGB) would be affected significantly.

The pledge from Mr. Howell was: "It is our intention to remove the statutory prohibition on the generation of electricity as a main business and to do so as soon as a suitable legislative opportunity arises." Mr. Howell is known to be among the Cabinet's keenest exponents of denationalisation.

His remarks suggest that in theory anyone would be allowed to set up in business in competition with the nationalised electricity supply industry. But the practical effects of this are likely to be small.

Existing legislation allows companies to generate electricity for their own use and sell any excess to private customers or to the national grid—provided this is not the main purpose of their business.

Many companies, notably those in the chemicals sector, do produce their own electricity. Private generation accounts for 17 per cent of the electricity used in the industrial sector.

The high capital costs of setting up a generating station make it unlikely that many businessmen will be tempted to set up in competition with the nationalised industry.

Nevertheless, the plan does inject a new element of competition into the sector. Ministers are concerned about the efficiency of the CEGB, responsible for the bulk supply of power in England and Wales, which has no direct contact with the consumer, and the Government recently ordered the Monopolies and Mergers Commission to conduct an efficiency audit into the CEGB's costs and charges.

Any relaxation of the Board's monopoly is likely to be strongly opposed by power workers' unions.

Winding up the same debate, Mr. Norman Fowler, Transport

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Khomeini denounces Iran 'unrevolutionary' leaders

BY PATRICK COCKBURN IN TEHRAN

AN ANGRY SPEECH by Ayatollah Khomeini, in which he accused the Iranian Government of being unrevolutionary and incompetent has placed in doubt the future of President Abolhassan Bani-Sadr.

Khomeini's speech also appeared to jeopardise the new Cabinet which the President is due to propose to Parliament.

"*Non-revolutionary people* should not head ministries, and Mr. Bani-Sadr must not propose them to Parliament," he said. "If he does, Parliament should reject them, pay no attention to them, unless such Ministers are efficient, Islamic, attentive and revolutionary."

His speech was bitterly critical of "gentlemen who have been trained in Europe," and opens the door for a more zealously clerical and Islamic *Government.*

He returned to his theme of the revolution betrayed by its leaders. It was the strongest attack yet on Iran's Western-educated technocrats and Government and may signal a further retreat into Islamic fundamentalism.

Mr. Bani-Sadr and his Government have been one of the few remaining links between revolutionary Iran and the West, over such crucial issues as the fate of the American hostages, sale of oil, and remaining trade links.

Khomeini's criticism was not directed solely, or even primarily, at Mr. Bani-Sadr, but at Government leaders in general. "Our judiciary, our army, all our organisations, are in trouble," he said.

The solution to these problems was to call for greater authority for the "revolutionary institutions," the revolutionary guards, revolutionary courts and the omnipresent "committee."

Until the speech, late on Sunday night, Mr. Hassan Habibi, *Cultural and Higher Education* Minister and spokesman for the ruling Revolutionary Council, was tipped as most likely choice as Prime Minister, to be nominated in the next few days.

Mr. Habibi was supported by the militant clergy of the Islamic Republican Party in January's Presidential election.

A member of the Revolutionary Council, he is well placed as a compromise candidate whose nomination could be agreed by both the party and Mr. Bani-Sadr, who are locked in a bitter struggle for power.

Negotiations between Mr. Bani-Sadr and Ayatollah Beheshti, leader of the party, which has a majority in Parliament, have led to a measure of agreement on the new Cabinet.

The Khomeini speech, however, with its bitter criticism of "gentlemen trained in Europe," opens the door for a more zealously clerical and Islamic nominee.

Other candidates for the Premiership include Mr. Mohamid Ali Rajai, Education Minister; Mr. Mustapha Mir *Salim, Deputy Interior Minister* and national police chief; Mr. Musa Kalantari, Road Transport Minister; and Nouralein Gharavi, Governor of East Azerbaijan.

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Record increase in borrowing

BY DAVID MARSH

BRITISH industry increased its borrowings by a record figure of over £3.5bn in the first three months of this year. This reflected the sharp squeeze on the real level of profits caused by high inflation and flagging demand.

Heavy corporate borrowing, particularly to finance high stock levels, was one of the main reasons behind the over-shooting of the Government's money supply targets in the early part of the year.

Industry now appears to have shed a large part of its excess stocks. But its financial position is unlikely to have improved significantly now that the full force of recession is biting into profits, particularly in the manufacturing sector.

According to Central Statistical Office figures published yesterday, industry's net borrowing requirement during the first quarter rose to a seasonally adjusted £3.63bn from £1.12bn in the last three months of 1979. The figure is subject to revision later, but the trend is clear.

Borrowing from the banks roughly doubled to £1.87bn, while loans from other sources were also up sharply at £703m. Companies additionally sold for cash around £1bn of liquid and other financial assets.

The other main statistic used by the CSO to measure the financial health of industry is the net movement in industrial and commercial companies' financial assets.

This shows a somewhat less gloomy picture, with industry's financial deficit on this basis falling to £754m in the first quarter from £1.67bn during the last three months of last year.

Part of the difference between the figures for the net borrowing requirement and the financial deficit arises because of an increase of around £1.4bn in companies' lending for trade credits and other purposes.

The figures for the financial deficit understate the full extent of industry's plight because of the inclusion of the North Sea oil sector, whose profits are now improving rapidly.

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France offers Mirage to India

By K. K. Sharma in New Delhi

France has offered India rights to manufacture under licence its most sophisticated aircraft, the Mirage 2000 interceptor, as part of a £2bn defence package.

Disclosure of details of the French offer confirms suspicions that the Indian Government has had second thoughts about its £1bn deal to buy Jaguar aircraft from British Aerospace.

The Jaguar deal has been the subject of controversy since it was signed in November 1978. But in Parliament at the weekend, Mrs. Gandhi, India's Prime Minister, insisted that she had not reached a final decision about the French offer.

A decision to alter "the scope and the range" of the Jaguar contract could cost British Aerospace £450m, even after payment by India of up to £50m compensation.

India is not expected to cancel its order for 40 Jaguars to be made in Britain, but it may alter plans to manufacture a further 120 aircraft at the government-owned Hindustan Aeronautics in Bangalore, perhaps trimming the order to 45.

The French offer is considered unsatisfactory by many Indian defence experts, largely because the Mirage 2000 does not offer a strike range as long as that of the Jaguar.

To make good the deficiency the Indian air force will face if its revokes the Jaguar deal, France has offered to buy two squadrons of second-hand mirage F-1s from a Middle East country and supply them immediately to India.

Manufacture of the Mirage 2000 cannot begin in India before 1985. So far there are only four prototypes of the aircraft in France, and the plane has still to go through full trials and evaluation tests.

Only after these are completed can the French consider putting the Mirage 2000 into service, and help Hindustan Aeronautics build what would by then be an entirely new aircraft.

To answer Indian concern over underuse of capacity at Hindustan Aeronautics, France has also offered to buy £1m-worth of spares and components for the Alouette helicopter, made under licence at Bangalore.

France has also offered the Mirage 2000 to Pakistan which will probably buy it.

U.S. concedes $61bn likely budget deficit

BY DAVID BUCHAN IN WASHINGTON

ECONOMIC RECESSION will push the U.S. Federal budget into a $61bn deficit in the current year and $30bn in the year starting on October 1, the Carter Administration formally conceded yesterday.

The mid-year economic review sent to Congress marked a dramatic turnaround from the Administration's projection of last March of a $36bn deficit for 1979-80 and a balanced 1980-81 budget.

The gloomy news, which had been extensively leaked beforehand to soften the political impact on the Presidential election campaign, included the projection that real gross national product will fall by 3.1 per cent from the fourth quarter of 1979 to the last quarter of this year, and that unemployment will rise to 8.5 per cent in the fourth 1980 quarter, sticking there through 1981. The March projection had been that the jobless rate would reach 7.1 per cent this year.

"These economic prospects are not acceptable to the Administration," Mr. James McIntyre, the budget director, told a Press conference. He made clear the sensitivity of the White House to having so poor an outlook to announce just as Mr. Carter's campaign gets under way against Mr. Ronald Reagan, the Republican nominee.

But the Administration is refusing to match the Republican tax cut plan with one of its own. "It is quite likely that a tax cut will be desirable in 1981. But it is not appropriate to propose one now," Mr. McIntyre said.

Mr. Charles Schultze, chairman of the President's council of economic advisers, declared yesterday that the economy will soon begin a slow recovery. Signs of this were apparent even in June, the last month of the second 1980 quarter which showed a real drop in gross national product of 9.1 per cent at an annual rate. The new forecast is for it to rise by a real 2.6 per cent from the fourth quarter of this year to the last quarter of 1981.

"The hurried atmosphere of the tail end of an election year congressional session" was not the right forum to fashion a careful tax cut that would stimulate productivity without setting inflation aflame again, he said.

On inflation, the Administration now forecasts a 12 per cent rise in consumer prices from the fourth quarter of 1979 to the fourth quarter of 1980, and a 9.8 per cent increase in 1981.

This implied — and Mr. Schultze emphasised that this is the Administration's prime goal — a further moderation in inflation in July-December this year to an 8.5-8.75 per cent annual rate.

Morgan Guaranty cuts prime rate to 11%

BY IAN HARGREAVES IN NEW YORK

MORGAN GUARANTY, the large New York bank, yesterday cut its prime lending rate from 11.5 per cent to 11 per cent.

The move was not immediately followed by other New York banks, but was expected to be matched later in the week.

The 11 per cent rate is 9 percentage points lower than the prime's mid-April peak. A steady decline has occurred since then as the U.S. economy has slipped into a steep recession.

Opinion now appears mixed on the prospects for further cuts in prime rates as some economists argue that the economy is already emerging from its trough. This view appears to be shared by a stock market which ended last week at a three-year peak.

Concern among economists centres on the ability of the Federal Reserve Board to meet its targets on monetary growth this year without signalling tolerance for a renewed spate of inflationary pressure in the U.S.

In the money markets yesterday, there was again speculation that the Fed was encouraging a further downward move in rates, but the evidence was far from conclusive. Rates showed little change in morning trading.

£ in New York

—	July 18	Previous
Spot	$2.3775-3785	$2.3770-3780
1 month	1.52-1.47 dis	1.50-1.45 dis.
3 months	3.83-3.78 dis	3.70-3.64 dis.
12 months	7.65-7.55 dis	7.35-7.20 dis.

W. GERMANY WANTS COMMUNITY TO DRAFT UN RESOLUTION

EEC declaration on Mideast urged

BY ROGER BOYES IN BONN

WEST GERMANY is expected to press other EEC governments this week to draft a United Nations resolution which would set out unambiguously Europe's position on achieving peace in the Middle East. This, Bonn officials believe, could avert a clash with the U.S. and Arab countries at the UN later this summer.

Herr Hans Dietrich Genscher, West Germany's Foreign Minister, is believed to have outlined such a proposal during talks yesterday with Mr. Chedli Klibi, general secretary of the Arab League. Mr. Klibi also met Mr. Gaston Thorn, Luxembourg's Foreign Minister, who, as president of the Council of Ministers, is to tour the Middle East this summer on an EEC fact-finding mission.

Bonn officials believe there is a strong case for a UN resolution that would set out the principles agreed at the European summit in Venice last month. Among other things, this provided for a rôle for the Palestine Liberation Organisation (PLO) in Middle East peace talks.

West Germans fear that the Arab states, who are pressing for a special assembly on the Middle East, will introduce a resolution condemning the Camp David agreement. The Europeans would have to oppose such a resolution both out of conviction and out of loyalty to the U.S. Such opposition, however, could harm links with the Arab states precisely at the time when Mr. Thorn is launching his mission in the Middle East.

A European resolution would thus underline EEC interest in a Middle East solution involving the Palestinians, but at the same time side step any direct criticism of the Camp David accord.

Herr Genscher will sound out other EEC Foreign Ministers on this issue and discuss the general framework of the Thorn mission during Community consultations today. The West Germans would like to see Mr. Thorn first visit Tunis, headquarters of the Arab League, and then go to Israel as well as a number of Arab countries, ending his trip with relatively low-key talks with the PLO.

Preparations for the Thorn mission have been more complicated than was foreseen at the Venice summit and there appars to be no final decision yet on which countries Mr. Thorn should visit.

Duesseldorf talks on Soviet gas

By Roger Boyes in Bonn

THE SOVIET UNION today starts preliminary negotiations with Ruhgas, the West German gas distributor, on the details of a DM 15bn-DM 20bn (£3.75bn-£5bn) gas link-up between Eastern and Western Europe.

Mr. Nikolai Osipov, director-general of the Soviet gas exporting agency arrived in Duesseldorf yesterday and will try to settle with the West Germans how much natural gas can be sold to the West. The Soviet Union is believed ready to deliver 40bn cubic metres annually to West Germany, Italy, Austria, France, Belgium, and the Netherlands. West Germany would receive 10bn-12bn cubic metres.

First sign

Moscow indicated its willingness to go ahead with negotiations during Chancellor Helmut Schmidt's visit there earlier this month. The project involves building a pipeline to Western Europe from Siberian gas fields. Europe from Siberian gas fields in return for deliveries of Soviet gas. Exploratory talks have been continuing since 1978, but Herr Schmidt's visit provided the first public indication that Moscow was prepared to move on to negotiations with the Ruhrgas consortium.

An agreement would mean that Soviet gas deliveries to West Germany would effectively be doubled in the mid-1980s to over 20bn cubic metres a year, about 30 per cent of the country's gas needs. The Bonn Cabinet has alread ysaid that this degree of dependence is acceptable politically.

Negotiations are clearly not going to be easy. Ruhrgas will have to take into account the needs of the other West European gas distributors and may find that Russian hopes for a new gas distribution network in remoter parts of Siberia are too high.

The giant engineering group, Mannesmann, which is expected to have overall responsibility for pipe deliveries, is also pressin for the best possible credit terms with the Russians. It is understood that the pipes will not fall under NATO's Cocom list of banned exports, as was originally feared.

Political will

Although the negotiations are expected to continue for several more months yet, the political will appears to be there. The project, which could be the biggest business deal between East and West Europe, underlines the interdependence which has been one of the sustaining forces of Bonn's *Ostpolitik*.

For Bonn, it illustrates the Chancellor's contention that talking to Moscow during East-West crises can bring concrete results. For Moscow, the project demonstrates that its room for economic manoeuvre has not been seriously curtailed by U.S. trade sanctions.

Steel and textiles prices head Council of Ministers' agenda

BY GILES MERRITT IN BRUSSELS

THE INDUSTRIAL and trade problems now pressing in on the European Community, as the international recession deepens, are due to be the main topics of the EEC Council of Ministers in Brussels today.

Action on steel and textiles prices will head the Foreign Ministers' agenda while trade issues will cover the EEC's increasingly difficult trade relations with the U.S. and Japan. On steel, where slumping demand has been putting heavy pressure on the European producers' willingness to maintain price and delivery discipline, the Council is due to agree to the anti-prices plans continuation during the second half of this year. That decision had been due last month, but was postponed by talks inside the industry over possible revisions of the Davignon Plan, named after Industry Commissioner Viscount Etienne Davignon.

Following a meeting at the end of last week, of the Eurofer "club" grouping the main producers, the threat that the Plan would be abandoned by the steelmakers appears to have receded. Today's Council meeting is therefore expected to yield agreement on a tightening of the disciplines, with the aim of cutting output in the EEC by 10 per cent in the second half of this year as against the same 1979 period.

The exact nature of the renewed Davignon Plan is still unclear, as Ministers are also to discuss proposals that mandatory prices on holt rolled coil should be dropped in favour of a monitoring procedure..

On the equally controversial issue of the damage being done to the EEC synthetic textiles industry, by U.S. competition, the EEC Foreign Ministers are to examine a new French proposal for a trigger price mechanism that could offset the advantage to American producers of U.S. oil and gas price controls. The "unfair" advantage that this gives the U.S. industry has been the subject of continuing negotiations throughout this year, although to date no agreement has been possible.

Foreign Ministers are also due to review the "trade strategy" recently outlined by the Brussels Commission for putting EEC-Japan trade on a new and more structured basis. This would involve the abolition of various national quotas against Japan in return for temporary restraint by Japanese industry on sensitive products where EEC industries are being restructured. The Council is expected to discuss strong French and Italian objections to dropping their existing defences.

Malta to start search for offshore oil

By Godfrey Grima in Valetta

MALTA is to start drilling for oil off its southern coast despite the absence of agreement with Libya on the extent of each country's jurisdiction in the area.

Mr. Dom Mintoff, the Maltese Prime Minister, said Malta will carry out its drilling 15 miles from the disputed area. Three international oil companies licensed to carry out the work—Texaco, Elf Aquitaine and Amoco — have already been given the go-ahead.

So far there has been no reaction from Libya but Mr. Mintoff said at the weekend that all agreements with Libya, including a "temporary" defence agreement, would not be renewed, at least until the offshore oil issue is settled.

Yugoslavia cuts growth target this year to 4%

BY ALEXANDER LEBL IN BELGRADE

YUGOSLAVIA'S FEDERAL Parliament has reduced this year's growth target to 4 per cent from 5 per cent, reflecting policies already in force aimed at cooling the economy and diverting goods to export markets to take advantage of last month's dinar devaluation.

Industrial production has slowed to 4.5 per cent over the first half, compared with over 7 per cent last year, and in June was only 2.4 per cent above the June 1979 figure. The growth target for industrial production for 1980 as a whole has been trimmed to 4.5 per cent from 6 per cent originally.

Export volume in the first half rose 12 per cent, while import volume was down 11 per cent. In the same period, in price terms, exports rose 32 per cent while imports rose 8 per cent.

Significantly, however, the major increase in exports went to the Soviet Union and other Comecon countries while little progress has been made on reducing the trade deficit with the West. The overall target is to have the balance of payments deficit this year to around $2bn (£842m).

Retail price inflation, meanwhile, rose to 28.9 per cent in June compared with June 1979, and delegates to the Federal Parliament expressed fears that the inflation rate might reach 40 per cent later this year. The Government recently raised agricultural producer prices to stimulate the farm sector, and petrol prices have also been raised again to 21 diners (33p) per litre.

Minister quits Demirel Cabinet

BY OUR ANKARA CORRESPONDENT

THE TURKISH Interior Minister, Mr. Mustafa Gulcugil, resigned yesterday in the wake of a new wave of assassinations and riots in Turkey. A curt statement from the office of Mr. Suleyman Demirel, the Prime Minister, said Mr. Gulcugil's resignation had been accepted and that Mr. Orhan Eren, a Minister of State, was named acting Interior Minister.

The political crisis occurs just when Western member nations of the Organisation for Economic Co-operation and Development (OECD) are about to meet to discuss rescheduling $3bn of Turkey's debt.

Mr. Gulcugil received treatment for a heart ailment in a London clinic recently and there were reports that he was thinking of resigning for health reasons. But it is believed that Mr. Demirel demanded his resignation. The Minister has been under attack from both his party and Mr. Bulent Ecevit, the main opposition leader, for his handling of law and order.

Mr. Ecevit tabled a censure motion against the 63-year-old politician for his handling of the riots in the town of Corum earlier this month in which nearly 30 people died. The motion could have been very embarrassing for Mr. Demirel's minority Government.

Earlier this month the Prime Minister was reported to be considering a Cabinet reshuffle However, he has been forced to put off these plans apparently because of the sharp deterioration in law and order, which reached a climax with the assassination at the weekend of Mr. Nihat Erim, a former Prime Minister, in Istanbul.

Despite a call by Mr. Ecevit yesterday that a "wide-based government be formed to repair Turkey," Mr. Demirel appears determined to soldier on.

The Turkish Parliament meets tomorrow to debate the political terrorism which Mr. Ecevit says has brought Turkey to the brink of civil war. The following day Mr. Demirel and Mr. Ecevit are to meet to try to reconcile their views on restoring law and order.

Industrial output up 4.2% in USSR

By David Satter in Moscow

THE SOVIET economy, which has given signs of running down, turned in an improved industrial performance in the first half of this year compared with the comparable period of 1979 but continued to be plagued by critical shortfalls in meat and dairy production.

Figures released yesterday in Pravda, the Communist party newspaper, showed industrial production to have increased by 4.2 per cent. This was short of the target for 1980 of 4.5 per cent but an improvement over industrial output the first half of 1979 which came to only 3.5 per cent.

Industrial labour productivity, increases in which were to have accounted for almost all the rise in output in the 1976-80 five-year plan period, grew by 3.2 per cent, compared with a 3.8 per cent plan target. But this was also better than the equivalent figure for 1979 which was 2.5 per cent.

The mild recovery in production in comparison with last year, the worst for the Soviet economy since the Second World War, was partially offset by continuing problems with food production.

***Milk* output fell 4.4 per cent in the first half, the third consecutive drop, and butter production was down 6 per cent as milk supplies were apparently diverted to make cheese, which declined only 1 per cent.**

The state sector meat production rose 3 per cent during the first half of 1980 but this figure probably reflects the distress slaughtering of cattle in January and February in the wake of the U.S. grain embargo. The figure also does not include private meat production on family plots, which account for 30 per cent of Soviet consumption.

In other areas, the Soviet economy achieved slight rises in volume terms in the production of iron and steel but continued to show a decline in the rate of increase of oil production, which went up only 3 per cent to 297m tonnes.

Coal production f[illegible] 1 per cent to 362m tonnes but gas remained strong, rising 7 per cent to 214bn cubic metres

Swedish trade moves into deficit

By Westerly Christner in Stockholm

SWEDEN showed a balance of trade deficit of SKr 6bn (£163m) for the first half of this year, one of the highest recorded. That figure compared to the surplus of SKr 760m for the same period in 1979.

The deficit was attributed both to the substantial decline of Swedish exports during the general labour strikes in May and to higher than expected energy imports, according to the Central Bureau of Statistics.

From January to June, crude oil imports cost SKr 9bn compared to SKr 3.7bn in the same period last year. The cost of oil products, coal and coke imports for the period rose to SKr 7.5bn.

For June, the trade deficit reached SKr 900m, compared to a surplus the same month last year of SKr 140m, the statistics show.

Exports during June amounted to SKr 11.9bn, while imports totalled SKr 12.8bn, of which SKr 2.8bn was accounted for by crude oil, oil products, coal and coke imports.

MRS. GANDHI FACES FORMIDABLE POLICY PROBLEMS

Monsoons give hope to ailing Indian economy

BY K. K. SHARMA IN NEW DELHI

MRS. INDIRA GANDHI, India's Prime Minister, can draw comfort from the monsoon rains now pouring down on the whole country. After last year's drought, another bad monsoon would be a calamity.

If the rains continue for the rest of the season, India's economic planners will be aiming for 5.5 per cent growth in the year ahead—the target ambitiously set by Mrs. Gandhi.

The rains by themselves are not enough to transform India's economic performance, though they are crucially important in this agricultural country. A lack of decsive policymaking at the top, particularly over economy strategy will almost surely hold back public and private investment decisions.

To be sure, decision-making is not easy, because of the disastrous year the economy went through in 1979-80, the effects of which are still being deeply felt. The drought led to a 10 per cent fall in agricultural production. Foodgrain production *fell by almost 13 per cent, from* 126m tonnes to an estimated 110m tonnes.

Infrastructural bottlenecks, particularly in the ports, the railways and in the coal mining industry, were aggravated by the drought. Cuts in power supply to factories hit industrial output, and left many companies with unused capacity.

The overall result was a drop in the gross national product (GNP) of as much as 3 per cent.

A gloomy international economic climate has aggravated problems further, turning the terms of trade against India because of the staggering cost of imported oil. This made such a severe dent in the balance of trade that the annual deficit soared to over $3bn in 1979-80, bringing the foreign exchange reserves down for the first time in four years and forcing the Government to appeal to the International Monetary Fund for help.

The reserves have been eroded, but are still at a comfortable $6bn. As oil prices increase, however, and India continues with its relatively liberal import policy, the reserves are certain to be drawn down rapidly. Food stocks are healthy at around 18m tonnes, so grain imports are not needed. Even so, the reserves could dwindle to a dangerously low level within two years.

As it is, foreign aid commitments are well below expectations. The recent Paris meeting of the Aid to India Consortium pledged $3.3bn for 1980-81, but in real terms this is well below the commitments made last year. Since Mrs. Gandhi's recent first budget leant heavily on foreign aid for revenue purposes, this could cause problems, possibly curbing heavy public investments that are needed to put the economy on the path of renewed growth.

There is little sign of any deliberate or concerted move towards planned management of the economy.

The announcement that foreign oil companies will be allowed to take part in India's oil exploration programme should have meant a positive change in the attitude towards foreign investment. In fact, this is probably no more than recognition that India cannot by itself make the heavy investments needed for exploration and must look to foreign help if it is to cope with its oil and balance of payments crisis.

Foreign companies are instead waiting for outstanding decisions on the application of the Foreign Exchange Regulation Act (FERA) on established multinationals before they invest. They are keeping a particularly close eye on Hindustan Lever and Seimens, which want to retain their foreign majority holding and have presented solid arguments in support of their claims.

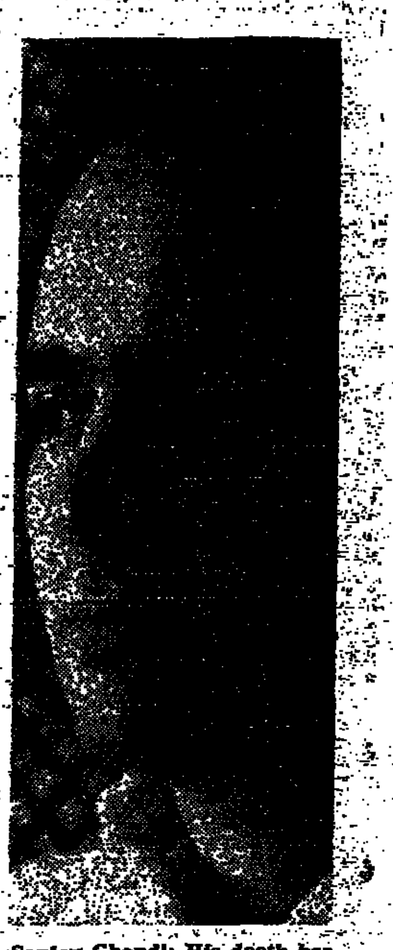
> The announcement that foreign oil companies will be allowed to take part in India's oil exploration programme should have meant a positive change in attitude towards foreign investment. In fact, this is probably no more than recognition that India cannot by itself make the heavy investments needed for exploration

There are growing signs that officials believe investment through commercial borrowings abroad are desirable for projects with a long gestation period. But there is no indication that direct foreign investment will be welcome except in high technology areas.

It is possible that if Mr. Sanjay Gandhi had had his way, then he would have refused to allow ideological quibbles to come in the way of economic development. He wanted quick action, and seemed prepared to take difficult decisions even if they proved to be unpopular.

His death has undoubtedly caused much uncertainty in the private sector that he was thought to support strongly. Mrs. Gandhi's views on the private sector are much less certain, and it remains to be seen what direction her economic policy will take.

Some difficult decisions had already been taken before Sanjay's death. A number of subsidies were eliminated, lifting a heavy burden from the Exchequer. Prices of petroleum products—and fertilisers have been raised substantially, increasing Government revenues by about Rs210bn (£305n). Rail fares and freight charges have been raised for the first time in four years, raising another Rs20bn and thereby ending the railway's dependence on the general revenues.



Sanjay Ghandi: His death has caused uncertainty in private industry

These are signs of a political will to take unpopular decisions although subsidies on food and exports remain for political reasons. Because of the need to improve the balance of payments the recent Budget gave many concessions and incentives to the private sector.

Much more remains to be done, however, especially if inflation, which is rising at an alarming 20 per cent a year, is to be controlled. Indeed, inflation has inhibited decisions on fresh investment even though the Finance Minister risked further pressure on prices by leaving a hefty Rs 14bn deficit in his budget.

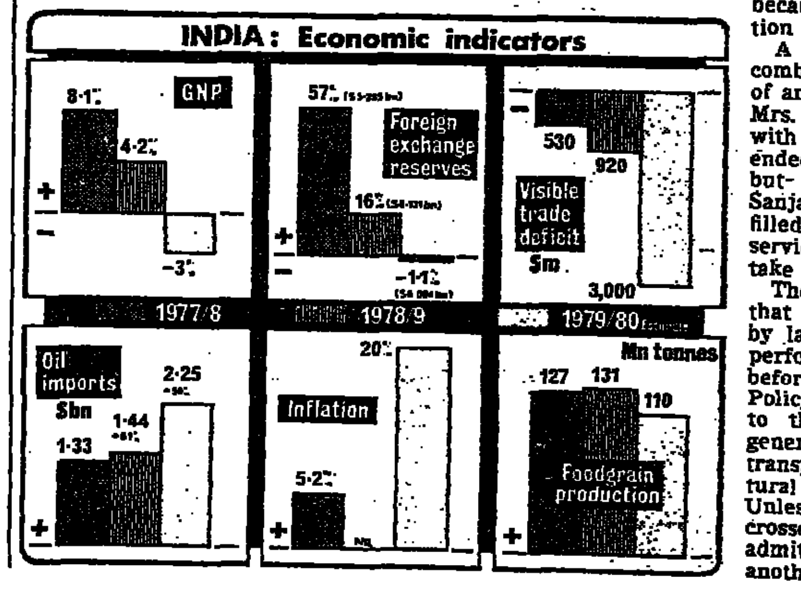
Because of high inflation and the uncertain prospects of the monsoon, which has two months to go, and can still easily go awry, the Planning Commission responsible for all major Government investment has retreated into a holding operation.

Mrs. Gandhi has decreed that there will not be a "plan holiday," so nominally the new sixth five-year plan has already started, even though a draft is not yet ready.

The Planning Commission is at present doing no more than keep going projects under implementation until it knows whether inflationary forces are under control and the monsoon lives up to its initial promise. This is evident from the fact that the 16.5 per cent increase in development outlay this year is, in real terms, less than 1979 because of the 20 per cent inflation rate.

A number of factors have combined to delay formulation of an overall economic strategy. Mrs. Gandhi's preoccupation with political manoevering has ended after six months in power, but the vacuum created by Sanjay's death has still to be filled. Until it is, the civil service will remain reluctant to take fresh initiatives.

The feeling in New Delhi is that shortcomings highlighted by last year's dismal economic performance must be tackled before fresh iniatives are taken. Policy statements can be cast to the wind until electricity generation improves and the transport and other infrastructural bottlenecks are removed. Unless these hurdles are crossed, even the Government admits the economy faces another difficult year.



Anarchy and terrorism raise fear of civil war in Turkey

BY METIN MUNIR IN ANKARA

THE ASSASSINATION of Mr. Nihat Erim, a former Prime Minister, in Istanbul over the weekend provided Turkey with a grim opportunity to contemplate on terror which has claimed well over a thousand lives this year alone.

According to some opposition leaders, it is threatening Turkey with civil war. Mr. Ihsan Sabri Caglayangil, the acting President, was expected to call a meeting of party leaders this week in the hope that they adopt a common line on law and order.

This deterioration is mirrored in the ever growing disrespect for the law of central government and the springing up of so-called "liberated zones"—effectively no-go areas, where right and left wing factions fight to take advantage of the vacuum left by the State.

One such place, in the hands of the left, is the town of Fatsa, a fishing port on the Black Sea also noted for its hazel nuts. It is about 350 miles north east of Ankara and has a population of 30,000.

Troops laid seige on Fatsa before daybreak ten days ago to break up what Mr. Suleyman Demirel's righ wing government claimed was one such "liberated zone" imposed on the population by extreme left-wing Dev Yol (revolutionary way) militants.

A curfew was declared from the town's minarets. At daylight armed policemen, assisted by masked informers started a house-to-house search. They encountered no resistance. More than 400 people, most of them teenagers, were dragged from their homes and loaded into lorries to be taken for interrogation to the state-owned Fish and Meat Authority's warehouses and slaughter Houses by the sea.

Mr. Fikri Sonmez, the town's elected Mayor, was among the detainees. The Government is silent on his whereabouts, but one non-commissioned officer said he was knived and beaten by the police who captured him. He is allegedly lying in a coma in one of the Meat and Fish Authority's buildings.

In "liberated" places state organs are inefficient or non-existent. Kaimakams (district governors), police chiefs, judges, prosecutors, teachers and the like are often obliged to do what they are told or face the consequences.

State authority is to a large extent exercised by whatever group has done the liberating, the citizens are almost captives of armed terrorist bands. Opponents are either subdued or forced to leave or murdered. Many murders are committed in broad daylight in crowded places. The murderers have little fear because they know that nobody would dare to stand witness against them, even if the police had the courage to investigate.

Mr. Mahsar Budak, Chairman of the Supreme Board of Judges, said "There is not a single judge in Turkey who has not been threatened." There were more judges resigning for fear of their lives than joining the courts, he said.

While the extreme left is splintered in Turkey the extreme right is loyal to Mr. Alparslan Turkes, Chairman of the ultra right wing Nationalist Action Party (NAP). With 16 members in the 450 member National Assembly, the NAP is Turkey's fourth biggest party. But in reality it is much stronger than its seats would indicate. It is one of two parties which are keeping Mr. Demirel's minority Government in power. In exchange for this support Mr. Demirel appears to have allowed the Turkes militants to become a state within a state.

Mr. Demirel seems to believe that the only way to deal with the spreading power of Communist groups like Dev Yol is to unleash Mr. Turkes's supporters on them.

Mr. Bulent Ecevit, the Social Democratic main opposition leader, maintains that the Government is protecting right-wing terrorists and will not move against them. He claims that there are places, like the central Anatolian town of Yozgat, which are under "Fascist occupation."

At least about Yozgat he seems to be right. The town's NAP chief recently told a Turkish newspaper that he had a "secret intelligence organisation of 5,000 people (the town's population is 40,000) "assisting the state's security forces."

Fatsa became a "liberated zone" after the municipal elections eight months ago. Backed by Dev Yol, one of the strongest of the many illegal Communist factions in Turkey, Mr. Fikri Sonmez, a 45-year-old tailor, became mayor.

"We won because the people realised that there was nothing the other parties were going to give them," said a Dev Yol lycee student. "The people elected us and were happy with what they got." By independent accounts, Mr. Sonmez is the best mayor the town has ever had.

"In eight months he did more for Fatsa than all mayors put together in 20 years," said one of his adversaries, a Demirel supporter. Almost everybody in Fatsa agrees with this statement. He increased municipal revenues, built new roads, taxed the rich and cleared the streets of mud and dirt.

Mr. Alpaslan Turkes

"The majority of the people, especially the poor, were happy," he said. "Not everything he did was legal but things were getting done."

But Dev Yol seemed to have further plans. One Fatsa citizen claimed they had ambitions beyond the municipality. "They started extorting money from the rich to buy arms," he said. They established people's courts and people's committees.

Dev Yol activists established armed control in 90 of the 100 villages administered from Fatsa. Normal classes at schools came to an end and left-wing teachers started indoctrinating the pupils in communist ideologies.

"People started getting worried because what we had was not a municipality but a revolution," said one of the towns politicians.

On July 2 an incident occurred in a village nearby which heralded the end of the municipality. In a clash at the village square a Dev Yol activist and a non-commissioned officer lost their lives. Barricades went up all over Fatsa and many of its villages. The Black Sea highway going through Fatsa was blocked. It took soldiers 10 hours to travel the 30 kms from the village to Fatsa to claim the body of the soldier. A bulldozer travelled in front of the army lorry, clearing the roads.

The army returned in force a week later. Its presence was sufficient to establish law and order. The Turkish army's impartiality and integrity is beyond dispute. It is probably the last remaining institution in the country which has managed to stay above the terrorism which is splitting the country into enemy camps and sowing the seeds of a civil war.

General Kenan Evren, the Chief of Staff, and his colleagues are gloomy about the decline to anarchy but appear to believe that terrorism must be fought through legal and democratic means.

These means, however, have not proven effective. The army is responsible for law and order in about half of the country where there is martial law. But other state institutions have been so eroded or have become so partisan, the army has been able to achieve little. The undeclared civil war between the left and right, in which the politicians are taking sides, appears to have progressed too far to be stopped.

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OVERSEAS NEWS

Karmal 'moves to tighten control of Afghanistan'

BY K. K. SHARMA IN NEW DELHI

MR. BALSRAK KARMAL, President of Afghanistan, is attempting to establish a more centralised administration under his own control, according to reports reaching New Delhi.

The changes are apparently being initiated with the approval of Afghanistan's Council of Ministers. The council is said to have approved the establishment of several new departments which would be under the direct control of Mr. Karmal. It is not clear, however, whether the changes will bring the Government under closer Russian supervision. Mr. Karmal is widely regarded as a Russian puppet.

Three of the new departments are those dealing with the provinces, labour and social security, and "Islamic teaching." The last is obviously intended to invoke religion to give the Karmal régime respectibility in a largely Islamic country.

The greater centralisation of power follows a recent conference in Kabul addressed by Mr. Karmal and Sultan Ali Keshtmand, the Deputy Prime Minister. Both sought ways to overcome shortcomings and deficiencies in the administration.

Mr. Karmal took up complaints against the bureacracy which included indiscipline, bribery and misuse of Government funds and warned such "enemies of the Revolution" of severe punishment. Recently, about 12 officials of the Afghan Finance Ministry were sacked.

Reports of intensified rebel activity continue to come out of Kabul, where there has been heavy airlifting of equipment by the Russians recently, although no fresh troops have been brought in. Sabotage against the Russians continues. Last week, 12 members of the staff of Ariana Airlines were arrested on charges of trying to put Kabul Airport out of action.

'New Zimbabwe poll' challenge by Smith

SALISBURY — Mr. Ian Smith yesterday challenged Zimbabwe's Government to test its popularity in fresh elections.

The former Rhodesian Prime Minister issued the challenge after Senator Joseph Culverwell of the ZANU-PF (Zimbabwe African National Union-Patriotic Front) — which holds 57 seats in the 100-member Parliament—had claimed the whites-only Rhodesian Front was not supported by a majority of the 200,000 white community.

Mr. Smith offered to lead his Rhodesian Front members of Parliament in a mass resignation provided all 57 ZANU-PF deputies also sought re-election. His challenge, likely to go unheeded, underlines tensions between the white minority party and followers of Prime Minister Robert Mugabe's ZANU-PF.

Hardliners of the ZANU-PF have expressed anger at the constitutional provisions giving whites 20 guaranteed Parliamentary seats, while Rhodesian Front leaders have voiced concern over what they consider to be ZANU-PF's radicalism.

Agencies

Gunman kills former Syria Prime Minister in Paris

PARIS — Mr. Salah Eddin al-Bitar, a former Syrian Prime Minister, was shot dead by a lone gunman in a Paris office building yesterday, police officials said.

Mr. Al-Bitar, 68, was carrying a North Yemen passport when he was killed, and confusion surrounded his identity at first.

The police officials said that Mr. Bitar, a founding member of the Pan-Arab Ba'ath Party, was believed to be an opponent of the present Syrian Government.

Mr. Bitar, who was Syrian Prime Minister four times in 1963 and 1964, was killed by the gunman as he left a lift on the eighth floor of the building on Paris' Avenue Hoche, near the Arc de Triomphe.

The gunman escaped without being identified.

A policeman at the scene of the shooting said Mr. Bitar had been killed with a single bullet in the back of the neck.

Bystanders who said they were friends of Mr. Bitar said he had felt threatened recently.

Agencies

SASOL-Three construction workers back

About 90 per cent of the 18,000 construction workers at South Africa's SASOL-Three plant returned to work yesterday and the situation was back to normal, a plant official said, AP reports. Construction at the country's third oil-from-coal facility, 120 miles south-east of Johannesburg, stopped last week when 300 workers rioted. "The main reason for the unrest was the introduction of new security measures after the recent bomb attacks at our plants, which restricted workers' movements," the official added.

Israeli explosion

An explosion on an Israeli firing range has killed six defence industry employees and injured another, the Defence Ministry said yesterday, our Tel Aviv correspondent reports. The ministry immediately ordered an inquiry to be set up

Korea 'trade offer'

President Kim Il-Sung of North Korea is willing to begin cultural exchanges with the U.S., and to open trade with South Korea without pre-conditions, U.S. Congressman Stephen Solarz said after a four-day visit to Pyongyang, Reuter reports from Tokyo. President Kim had also dropped his call to repeal anti-Communist laws in South Korea as a condition for reunion of families and exchange of mail, he added.

After a recent outbreak of fighting in Lebanon, fears are growing of a return to civil war. President Sarkis has launched plans to avert a further deterioration by asking the country's private armies to join a new administration. Ihsan Hijazi in Beirut assesses the risk the President is taking.

The key figures: (left to right) Mr. Pierre Gemayel, the Phalangist leader, Yassir Arafat of the Palestine Liberation Organisation, Mr. Takieddine Solh, the new Premier and Mr. Elias Sarkis, Lebanon's President

Bringing the guns into government

PRESIDENT ELIAS SARKIS moved swiftly this week to form a cabinet of national reconciliation with the hope of stopping Lebanon from falling into the abyss.

He designated a veteran politician, the 71-year-old Takieddin Solh, to head a government which the President hopes will include heads of paramilitary organisations or their representatives who have been wielding real power in the country since the civil war four years ago.

But the consensus here is that even such a cabinet will not be able to resolve the basic conflicts that have beset Lebanon for almost a decade. The Government, however, could carry the country for several months and thus give the President and Lebanese at large a temporary respite.

Mr. Sarkis was taking a big gamble. But this was all he could do. The 22,000-man Lebanese army, which the President restructured after the civil war formally ended in 1976 with Syrian help, is much too weak to bring about a military conclusion to the Lebanese *turmoil*.

Mr. Sarkis has maintained for a long time that commanders of private armies will act more responsibly inside the Government than outside it. There has been criticism of this logic from other politicians, who say that inviting militia chiefs to join the cabinet would be only to legitimise the power they had virtually taken away from the central government.

Very few believe that by their mere presence in the cabinet, the combatants would set their differences aside. Concern has already been expressed that if a cabinet of combatants proves to be a failure, the situation could get worse.

Mr. Sarkis, the former banker who managed the Lebanese crisis for the past four years without finding a final solution to it, acted after Lebanon was gripped with a psychosis about renewed large-scale fighting and eventual partition.

The bloody events of last July 7 in the predominantly Christian Districts generated fears the country was on the brink of another civil strife.

On that day, the forces of the Phalange party, the largest paramilitary Christian organisation in Lebanon, mounted a blitzkrieg against its main Christian ally, the *National* Liberal Party of former President Camille Chamoun, and suppressed its militia.

Mr. Bachir Gemayel, the 33-year-old Phalange militia commander, said the purpose of his action was to unify Christian ranks with the aim of "liberating the rest of Lebanon."

He further indicated that the *target of his next "war of* liberation" will be to suppress Palestinian guerrillas and drive them out of Lebanon

Mr. Gemayel, now the strongest figure on the Christian side, added that when the chips are down, the Christians can raise a force of 40,000.

His statements drew a predictable reaction from Mr. Yassir Arafat, the leader of the Palestinian Liberation Organisation. He accused Bachir Gemayel of collaborating with Israel in a conspiracy against the Palestinians. Mr. Arafat announced that the executive committee of the Palestine Liberation Organisation has ordered full mobilisation of Palestinians in Lebanon and that the PLO too can muster a force of 40,000.

The Christians, Palestinians and Lebanese Moslems have

‘Should another civil war break out, the devastation could be total. The danger of Syria and Israel being drawn in is very real.’

been strengthening their military ranks and upgrading the level of their armament since the day the civil war subsided.

During the war, the Phalange party fielded the largest number of combatants who, in co-operation with other Christian forces, fought the Palestinians and their Lebanese Moslem and leftist allies.

During the past five months, the Phalange Party staged several military parades in which it put some of its heavy hardware on display.

Lebanese leftist militias too staged their own parades of heavy weapons, and Palestinian guerrillas were reported equipped with light tanks.

During his visit to Moscow this week, Mr. Arafat was expected to discuss with Soviet leaders Palestinian requests for more weapons.

Mr. Arafat, furthermore, has served a warning the fighting in 1980 will not be the same as that witnessed by Lebanon earlier.

Should another civil war break out, the devastation, gvien the arsenal at the disposal of the combatants, could be total. The danger of Syria and Israel being drawn into it is very real. Syrian and Israeli involvement could, in turn, spark off an all-out Middle East war.

While the 80-year-old Camile Chamoun, leader of the National Liberals, has for the time being retained a link with the Phalange party, the rank and file in his party are already talking about another round with the Phalangists to regain their lost positions.

Before Mr. Bachir Gemayel could fulfil his ambition of "liberating" Lebanon from the Palestinians he will have to confront the Christians in the north, followers of former President Suleiman Franjieh, who has been trying to persuade Mr. Chamoun to join him in a Christian front to fight the Phalangists. National Liberals in the North have already joined Mr. Franjieh's ranks.

The former President has been locked in a blood feud with the Phalangists since they murdered his eldest son, Tony, two years ago.

Furthermore, the infighting among the Maronite Christians has had adverse repercussions in the Israeli-controlled Christian enclave in Southern Lebanon. Reports from the region said tension has been running high between Phalangists and followers of Mr. Chamoun. Major Saad Haddad, the commander of the Christian forces there, ordered that all party emblems and flags be removed and that only those of his force, which he calls "Free Lebanon Army," be shown. Israel has reportedly sent its own security men dressed in civvies into the enclave to help maintain law and order.

The new deterioration in Lebanon could be dated to last February when Syria decided to disengage from its day-to-day policing of most of the country. The 22,000 Syrian troops who have been here since 1976 as an Arab League deterrent force were redeployed in the Bekaa Valley in eastern Lebanon, and Damascus insisted the Lebanese move towards national reconciliation to end their lingering crisis.

Damascus was growing impatient with lack of progress to resolve the conflict here and needed all of its energies at home to face a campaign by fundamentalists of the Moslem Brotherhood to undermine the regime of President Hafez Assad.

Syrian troops had provided Lebanon with the measure of stability it enjoyed at the end of the civil war. The deterrent force was the only power that could control the private armies and Palestinian guerrillas.

Conrail asks for extra $900m in state funds

By Ian Hargreaves in New York

THE U.S. GOVERNMENT will need to pump at least an additional $900m (£379m) into the state-controlled Consolidated Rail Corporation (Conrail) to enable it to meet agreed targets in the next five years.

The demand for extra funds, which comes on top of the $3.3bn already authorised for the ailing north eastern freight and commuter railway since 1976, is made in Conrail's updated five-year plan filed with the Government.

According to the plan, Conrail, which a year ago was advertising itself as a "rail freight system back on the track," will need an extra infusion to help it through a worse-than-expected recession among its key customers, notably the motor industry.

Although the railway reported a reduced loss for the first quarter of 1980, it has continued to lose freight business because of the recession, the continued southward drift of industry and fierce pressure from private sector competitors in some areas.

The Government, which created Conrail out of the ashes of the collapsed Penn Central compan yin 1976, will now have to decide whether to go along with the company's financial requests or to seek a more radical solution.

With a wave of mergers planned among private sector railways and a Bill to lift some of the tight Government regulations about closure of unprofitable lines now before Congress, the Carter Administration appears more committed than ever to a private sector solution for the country's rail transport problems.

Carter under attack over brother

By Our Washington Correspondent

PRESIDENT JIMMY CARTER is coming under political pressure following revelations that his Administration knew about his brother Billy's links with Libya several weeks before Mr. Billy Carter finally registered formally as an agent of the Tripoli Government.

Senator Robert Dole, a prominent Republican, yesterday claimed that Mr. Billy Carter's ties with Libya—which included a $220,000 (£92,000) loan — appeared to be "a clear case of influence peddling," and that President Carter should "go public with the entire story, rather than let it dribble out, sordid detail by sordid detail

The implication has been that Mr. Billy Carter, who was apparently simply told by the White House advisers to get himself a lawyer, was in some way persuaded to make a clean breast of his links with Libya to the Justice Department, thereby ending the case with a civil settlement last week and avoiding criminal prosecution.

Bolivian military junta pledge to crush resistance

Troops 'taking over mines'

BY MARY HELEN SPOONER IN SANTIAGO

Workers in La Paz dig up cobblestones to erect barricades

BOLIVIAN TROOPS were yesterday attempting to take control of the country's state-owned mining complexes south of La Paz, where miners have put up armed resistance to last week's military takeover which ousted the Government of interim President Lidia Gueiler.

According to one report from La Paz, troops successfully occupied one mining area near the town of Siblo XX where *militant miners broadcast resistance* instructions on clandestine radio stations.

Fighting was also reported in some neighbourhoods in La Paz, despite a 9 pm to 7 am curfew and military patrols stationed in the streets. Residents were reportedly digging up cobblestones and erecting barricades during the night, only to have them torn down the following morning by soldiers.

The country's new Interior Minister, Colonel Luis Arce Gomez, has acknowledged that widespread civil resistance to the military takeover is under way, but said the military would destroy it.

Meanwhile, the leader of Bolivia's new military junta, Gen. Luis Garcia Meza, said the armed forces seized power in order to combat what he called extreme Left terrorism and economic chaos. He said the military would remain in power until Bolivia's social and economic situation had stabilised.

Bolivia's foreign debt is $3.7bn (£1.55bn) and the previous régime of Sra. Gueiler was seeking, with limited success, to renegotiate this debt. The country's foreign creditors are unlikely to renegotiate until Bolivia's political situation has stabilised — which is not likely to occur while the junta is ostracised by the international community.

The Andean Pact nations — Venezuela, Colombia, Peru and Ecuador — are considering a multilateral break in diplomatic relations with Bolivia in protest at the coup.

President Luis Herrera Campins of Venezuela has offered Sra. Gueiler political asylum in his country. The former President has not been located, although several reports say she is in the seat of the Papal Nuncio in La Paze.

The U.S. ambassador to Bolivia, Mr. Marvin Weissman, left the country Sunday, stopping briefly in Santiago, Chile, to confer with his counterpart ambassador, George Landau. Mr. Weissman stated that the U.S. had cut off all aid save humanitarian aid to Bolivia, and that Sra. Gueiler and Sr. Hernan Siles Zuazo, the Leftist candidate who won a majority in the June 29 Presidential elections, were safe and in hiding.

CONFUSING CURBS HIT LAND SALES

Bahamas real estate boom ends

BY NICKI KELLY IN NASSAU

CONFUSING restrictions on the sale of land to foreigners have finally ended the biggest real estate boom in the history of the Bahamas. The Government clampdown, introduced nearly a year ago, has left both foreign and Bahamian developers with hundreds of unsold apartment units and the prospect of losses running into millions of dollars.

No one questions the need for controls, but real estate brokers and developers say the delay in introducing proper legislation is playing havoc with the market. Even worse, it is forcing some to look for legal loopholes that could jeopardise the future validity of many transactions.

Bahamian lawyers estimate that about $245m (£103m) in property purchase applications are being held up because, they say, the Government has failed to produce specific guidelines for sellers and buyers.

Foreign investor interest began to revive two years ago after a five-year lull immediately following independence in 1973. Spurred by the country's continued stability, the trickle of outside investment turned to a flood in response to a highly successful European investment promotion tour undertaken by Mr. Lynden Pindling the Prime Minister, towards the end of 1978.

By the time the new restrictions went into effect last September, the value of approved residential construction had jumped from $45m in 1978 to $65m during the first nine months of 1979 and construction starts from $29m to $46m.

Mr. Pindling insists introduction of a land control policy was necessary to squeeze out speculators and ensure the orderly economic development of the islands. It was not intended to stifle investment. Certainly, the unprecedented demand by foreigners for Bahamian real estate could not have continued at the same pace without causing serious social and environmental problems.

Broadly, the Government has said that purchase approval will be granted for touristic, industrial or business purposes approved because of their economic contribution.

All applications are now screened by a five-member National Economic Council comprised of the Prime Minister, the Minister of Finance, the Minister of Tourism, tthe Minister of Home Affairs and the Attorney-General.

The Prime Minister denies the charges and contends that since the policy was announced, "more persons with serious applications for land development are coming forward." But the Government is believed to be slowing further construction, pending completion later this year of an eight-month Ministry of Tourism study intended to chart the direction of tourist development over the next decade.

Mexico forced to reduce oil exports

By William Chislett in Mexico City

PEMAX, the Mexican state oil monopoly, has announced that its exports this month will fall behind schedule because of increasing internal demand and problems at the port from where its oil is shipped.

The exact shortfall in Mexico's oil exports has not been revealed by Pemex, but, according to U.S. officials, it could be as much as 100,000 barrels per day. Pemex is currently exporting about 950,000 barrels per day out of a total production of about 2.1m b/d.

Japan, for example, which only recently started to receive Mexican crude, will receive 27,500 b/d this month instead of the programmed 50,000 b/d.

Last year Pemex fell short of its export target by 133,000 b/d because of infrastructural problems, especially at its congested port at Coatzacoalcos, which have still not been sorted out.

AP-DJ adds from Singapore: News that Pemex will be reducing its crude oil exports to Japan, had no immediate effect on Far East spot oil dealings, traders in Singapore said yesterday.

One Japanese oil trader here said the reduction would not push Japanese concerns into the spot market to make up the shortfall. He noted that Japanese stockpiles remain high.

Jakarta still angry over UK textile quotas

By Richard Cowper in Jakarta

MR. RADIUS PRAWIRO, Indonesia's Minister for Trade and Co-operatives, at the weekend deplored the EEC decision to limit the country's garment exports to Britain and reiterated Indonesia's threat to take retaliatory measures.

"In recent years the balance of trade between Britain and Indonesia has always been in the UK's favour. For that reason we will respond with similar retaliatory measures against its exports to Indonesia," he said.

Although some British businessmen in Jakarta have been concerned that contracts they might otherwise have been awarded might be frozen there are as yet no signs of any concrete retaliatory reaction being taken by the Indonesian authorities.

Philippines orders Fokkers

By Charles Batchelor in Amsterdam

THE PHILIPPINES Government has ordered three Fokker F-27 turbo-prop aircraft in the maritime version, for delivery in early 1981.

They will be used for coastal surveillance, the control of off-shore installations, fishery protection and search and rescue. The F-27 came out top in a comparison of a dozen different maritime aircraft, Fokker said.

The Dutch company will also help train 42 Philippines air and ground crew at its Schiphol plant near Amsterdam, starting later this year. It will train pilots, navigators, radar operators and engineers.

Fokker declined to reveal the value of the order, but the basic passenger version of the F-27 costs $6m (£2.5m). The maritime version, which contains more electronic equipment, is considerably more expensive.

F-27 sales now total 711 to 157 operators in 63 countries. This includes 10 sales of the maritime version which in the past have gone to Peru, Spain and the Netherlands.

Japanese expected to curb car sales to W. Germany

BY KEVIN DONE IN FRANKFURT

GERMAN MOTOR industry leaders gave a cautious welcome yesterday to reports from Tokyo that the Japanese Government had called on the motor industry to exercise voluntary restraint on car exports to the Federal Repuolic.

The share of Japanese car manufacturers in the German market has almost doubled in the first five months of 1980 to 8.7 per cent compared with 4.7 per cent in the corresponding period of 1979. By the end of the year they are expected to be taking around 10 per cent of the market.

Two weeks ago during a visit to Tokyo Count Otto Lambsdorff, the West German Economics Minister, urged the Japanese Government to exercise self-restraint in car exports in order to defuse the growing pressure in Western Europe for the introduction of protectionist measures.

In an interview published in a West German magazine yesterday Count Lambsdorff said his suggestions had met with a positive response.

Unconfirmed reports in Tokyo yesterday said that the Japanese Government had decided to monitor car exports to West Germany and that it would urge manufacturers to exercise "self-restraint."

Count Lambsdorff said that it was for the Japanese themselves to understand that they could not simply switch their exports from the U.S. to the West German market. A certain Japanese share of the German market was welcome, however, as it benefited the consumer.

The West German Government could not undertake administrative measures to limit such imports. Some 26 per cent of West Germany's Gross National Product was exported. "We live from exporting. The retaliatory measures which would hit us from other countries, if we were to artificially limit imports, would be far more serious than the problems that could otherwise affect one industrial sector, albeit a large one."

Count Lambsdorff said that restrictive measures had not helped other European countries. Fiat was facing mass redundancies, BL was bankrupt, and the French manufacturers were also suffering problems.

Despite the stance taken by Count Lambsdorff, however, pressure has been growing from both W. German manufacturers and the trade unions for action by the German Government to limit Japanese car imports.

Mr. Edward Reuter, deputy board chairman of Daimler Benz, said yesterday that he considers the battle looming between the European and Japanese motor industries to be the "most worrying problem of the coming years," adding that the export surge by Japanese car makers endangers hundreds of thousands of jobs in the European motor industry.

But Mr. Reuter said he hoped the problem could be solved through self-imposed restrictions by the Japanese.

Nissan details Spanish plans

BY OUR MADRID CORRESPONDENT

SIX months after it acquired a 35.85 per cent stake in the Spanish agricultural machinery and light-van manufacturer Motor Iberica, Nissan confirmed that it will use Motor Iberica to produce two types of vehicles —an all-purpose jeep, the Patrol, and a light-van, the Vanette, both of which are due to be ready for the market by 1982.

Initial Patrol production is scheduled at between 15,000-20,000 units and for the Vanette 25,000. By 1982 it is planned that 50 per cent of this production will be exported to Africa, the Middle East and especially to Europe, where Motor Iberica will be able to take advantage of Nissan's extensive distribution network.

The agreement represents the first important step in Nissan's plans to penetrate the European market and develop its first major European base.

Both the Patrol and Vanette models are now produced by Nissan in Japan. The models manufactured in Spain are going to be slightly different, and adapted to suit the tastes and needs of Europeans. Foreign sales of the two vehicles produced in Spain could amount to 25,000 units in 1982.

Production costs are estimated at Pta 2.5bn (£151m), nearly all of which is expected to be covered by Nissan. It is likely that Nissan's participation in the Spanish company will increase beyond the existing 35 per cent, which makes it the largest single shareholder.

Motor Iberica is planning to develop its installations in Aragon to accommodate the new models.

Mitsui to complete IJPC plant

BY PATRICK COCKBURN IN TEHRAN

WORK will restart within the next two months on the giant Iran-Japan Petro-Chemical company's $3.5bn (£1.47bn) complex, Dr. Amir Nasser Kouhyar, Head of the Iranian part of the company said yesterday.

As a result of his recent visit to Tokyo the main Japanese contractor, Mitsui, has agreed to go ahead with all 13 units at the site at Bandar Khomeini on Iran's Gulf coast.

The Japanese were originally inclined to complete only three units—the power plant, tank farm and the liquefied petroleum gas (LPG) plant—on the grounds that there is a ready market for LPG.

Some 500 Japanese are already on site and at peak construction this will rise to 2,000 Dr. Kouhyar said. Before the revolution interrupted construction work, some 5,000 Japanese, were working at Bandar Khomeini which is 85 per cent complete.

Despite agreement to restart work, a number of problems have been left for later negotiation. The original feed-stock for the plant is no longer available in sufficient quantity. The Iranians have offered light naphtha as a replacement feedstock which is readily available.

The price of the gas has not been decided, but Dr. Kouhyar said it would be no higher than international prices.

● The reduction of $1 in the price of fixed types of Iran's offshore crude will not affect more than 90,000 barrels a day of its total exports, according to diplomats in Tehran.

The reason for the price cut is limited storage capacity of the offshore fields. The storage tanks are now believed to be full.

The Iranian Oil Minister, Mr. Ali Akbar Moinfar, has claimed that exports last month were one million barrels a day. Observers in Tehran believe this figure includes crude exports of some 750,000 barrels a day and fuel product exports of about 250,000 barrels a day.

Opposition grows to draft registration plan

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Jimmy Carter's draft registration plan, designed to send Moscow a warning signal of U.S. military preparedness, has run into growing resistance and may yet be overturned in court.

Reminiscent of the Vietnam war era, anti-registration groups have sprung up around the country, and are expected to picket many of the 34,000 post offices, at which some 4m young men are supposed to fill in a simple registration form this week.

Failure to register carries a possible fine of up to $10,000 (£4,200) or a five-year prison sentence. The Government expects that only about 2 per cent of the 4m young men will not comply.

The original plan would also have required young women to register for possible military service, but Congress quickly struck this provision out, and its absence may prove the registration plan's final undoing. Last Friday, a Philadelphia federal court ruled the registration plan was unconstitutional because it excluded women.

The Government won a stay of this ruling over the weekend, when Mr. William Brennan, a Supreme Court justice, allowed registration to go ahead, arguing that the young men would suffer no irremediable injury because the registration lists could always be destroyed if the full Supreme Court disagreed.

Mr. Brennan, considered a liberal and thus probably sympathetic to registration opponents, made the unusual prediction that the chances that the full Supreme Court meeting in the autumn might overturn the registration law were "fair."

The Government says it will track down "registration dodgers" by checking records such as state driving licences. But it may not be easy. During the Vietnam war, when men were being drafted straight into combat, about 250,000 young men failed to register and were never discovered.

The current anti-registration movement appears to have broader roots than its Vietnam era counterpart, which was largely white, middle class and liberal in inspiration, though it also has support from many church organisations.

Mr. Reagan's opposition to registration, expressed again in his nomination acceptance speech in Detroit, has given opponents some conservative respectability, while surveys show that many blacks and blue collar workers are also against registration.

The Administration argues that registration is an important sign of American resolve, both to the Kremlin and to U.S. allies in Europe, most of whom have some form of military draft. But by the same token, Mr. Carter cannot allow the issue to become politically divisive.

Peking promises flexible laws

BY TONY WALKER IN PEKING

A SENIOR Chinese economic administrator has promised a flexible approach to the administration of the joint venture law.

Vice-Premier Gu Mu said it was even possible that China would agree to a foreigner taking charge of an enterprise, in special circumstances.

Mr. Gu's assurances, which are carried in the latest edition of China Economic News, come at a time when it is believed that Chinese authorities' are putting the finishing touches to long-awaited laws regarding wages and taxes for joint ventures. Mr. Gu is responsible for China's Foreign Investment Commission which will oversee the operation of the joint venture law.

On the question of capitalist business practices being applied in socialist China, by joint venture, Mr. Gu commented, "since we want foreign friends to run joint ventures with us, we will ensure that scientific management and advanced technology will be properly employed."

He said that "some details" of the joint venture law had been worked out and would be announced when ratified. This suggests the joint venture package may be ready for approval by the National People's Congress—China's Parliament—when it meets next month.

Mr. Gu promised the law would be administered flexibly. For instance the post of general manager in joint ventures in China should normally be taken by a Chinese. However, if no experienced person is readily available, the post may well be assumed by a foreigner.

● Mitsui Bank has signed a business co-operation agreement with the China International Trust and Investment Corporation, Reuter reports from Tokyo.

Under the agreement, the partners will introduce companies interested in joint ventures and compensating trade. They will also co-operate with each other in fund raising outside China, financing, exchanging information and training employees.

Mitsui is the sixth Japanese bank to have arranged this form of business co-operation with the Chinese corporation. The five others are Bank of Tokyo, Industrial Bank of Japan, Fuji Bank, Sanwa Bank and Long-term Credit Bank of Japan.

West Berlin's booming air traffic benefits allied carriers

BY LESLIE COLITT IN BERLIN

AIR TRAFFIC to and from West Berlin through the three invisible air corridors above East Germany, is flourishing once again after a long period of decline. The chief beneficiaries are British Airways and Pan Am, the two allied icarriers which divide most of the scheduled air services to Berlin.

West Berlin air traffic is controlled by British, U.S., French and Soviet air force officers from the Berlin air safety centre, one of the remnants of post-war, four-power control.

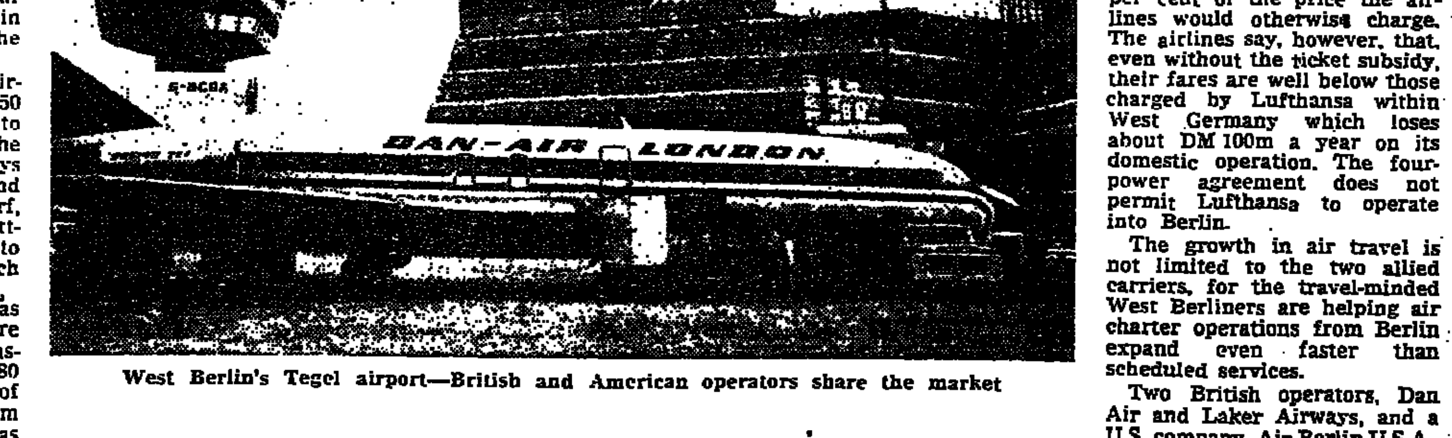
One of the consequences of an agreement, renewed by the four powers in Berlin in 1972, was that West Berliners and West Germans flocked to use the East German transit autobahn links between West Germany and West Berlin, which had become virtually free of controls.

In 1971, British Airways still flew 2m passengers on its Internal German Service (IGS) and Pan Am flew 3.5m passengers. But by 1978 these figures had been cut in half.

The Berlin service had a far higher percentage of private travellers—two-thirds of the traffic—compared with other European routes, and their decision to use the family car to drive between West Berlin and West Germany caused the sharp fall.

Load factors of the two airlines had sunk to less than 50 per cent by 1975, leading to their decision to divide up the Berlin routes. British Airways flies between Berlin and Bremen, Hanover, Dusseldorf, Cologne-Bonn and shares Stuttgart with Pan Am which flies to Hamburg, Frankfurt, Munich and Nuremburg.

Since 1978, traffic has recovered to the point where BA flew 14 per cent more passengers or 1.3m in its 1979/80 business year to the end of March, while Pan Am flew 2.2m last year. Passenger traffic has climbed steadily in the past few months as a result of lower group and weekend fares as well as a larger number of business and convention visitors.



West Berlin's Tegel airport—British and American operators share the market

Neither BA nor Pan Am will disclose the profitability of their Berlin routes, but the British carrier says it earns an operating surplus on its total German service—which is expected to produce revenue of DM 400m (£96.5m)—of which nearly half is generated by Berlin traffic.

Mr. Conrad Jacoby, Pan Am's Berlin managing director, says the Internal German Service contributes $160m (67.4m) to Pan Am revenue and notes that the company is "not losing money" on the Berlin operation, but that profitability has declined because of soaring fuel costs.

Berlin air fares are subsidised by the West German Government to the tune of 19 per cent of the price the airlines would otherwise charge. The airlines say, however, that, even without the ticket subsidy, their fares are well below those charged by Lufthansa within West Germany which loses about DM 100m a year on its domestic operation. The four-power agreement does not permit Lufthansa to operate into Berlin.

The growth in air travel is not limited to the two allied carriers, for the travel-minded West Berliners are helping air charter operations from Berlin expand even faster than scheduled services.

Two British operators, Dan Air and Laker Airways, and a U.S. company, Air Berlin U.S.A., divide up the market. Dan Air, which has four aircraft based in Berlin, says the German market contributes 25 per cent to its revenue and that growth in Berlin traffic has been 10 per cent a year in recent years.

The market remains far from stable, however, for price rises are causing Germans to take fewer second holidays by air, and there is fierce competition from East Berlin's Schönefeld Airport.

Small West Berlin tour operators are offering package tours to Greece from Schönefeld using the East European carriers, which Mr. Frank Tapling, Dan Air's sales director, says are dumping seats at prices no major West Berlin operator can match.

The price of a scheduled flight to Athens with East Germany's Interflug, was slashed from DM 980 to DM 554, while a one-month exursion ticket costs DM 474. The cheapest packages to Athens from West Berlin's Tegel Airport, however, cost DM 600. Hungary's Malev Airline, is undercutting even the East Germans, charging DM 420 for flights from East Berlin to Athens. Dan Air hopes to be permitted to start a scheduled service from West Berlin to Amsterdam, a route flown by Interflug.

East Germany is seeking Spanish approval for Interflug flights to Spain, which could be far more damaging to the Western charter airlines in West Berlin. The East Germans want landing rights from the Spanish in exchange for permission for a Spanish airline to fly over East German airspace into West Berlin's Tegel Airport.

The Spanish carrier hopes to become the first non-allied charter airline to serve West Berlin from outside the air corridors. However, the three air attaches in Bonn are believed unlikely to approve the Spanish application, which is seen as a two-pronged threat to West Berlin's air service.

Herr Arno Angermeier, Laker's man in Berlin, says the company would like to introduce the Airbus to West Berlin next year on flights to the Canary Islands, Greece and Turkey.

Meanwhile Air Berlin U.S. has been given the green light for scheduled flights to Brussels once a week, which it hopes to expand to a daily service.

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UK NEWS

World-wide whaling ban supported

BY ALAN FRIEDMAN

THE INTERNATIONAL Whaling Commission's technical committee voted yesterday to ban commercial whaling world-wide.

The 14-9 vote, at the end of the first day of the 32nd annual meeting of the IWC in Brighton, was sponsored by the U.S. and France.

The proposed moratorium on whaling is to be discussed this morning by the IWC's plenary session, but a three-quarters majority is needed for the motion to succeed.

A proposal by the Seychelles delegation to ban subsistence hunting of the bowhead whales off the coast of Alaska was also approved by 8 to 6 with 10 abstentions, and will also be considered by the plenary meeting.

The U.S. delegation, facing political pressure at home from Alaskan Eskimos, criticised the vote on Bowhead whales.

Mr. Richard Frank, head of the U.S. delegation, said last night: "I see no basis for supporting this zero quota. An immediate moratorium shows disregard for aboriginal peoples." He favoured gradual phasing out instead. The U.S. is fighting to maintain last year's quota of 26 whales.

Miss Joanna Gordon Clark, a conservationist with the Marine Action Centre, said the U.S. position was hindering progress towards a world-wide ban on commercial whaling.

"We would have a very good chance of getting a world-wide moratorium this year if the U.S. were not so preoccupied with getting a high quota on the Bowhead," she said.

Meanwhile, the UK Government yesterday strongly supported the ban on commercial whaling and on all imports of whale products. Mr. Jerry Wiggin, Parliamentary Secretary at the Ministry of Agriculture, told delegates a world-wide ban was necessary.

He said that as a result of UK representation to the European Community, the Council of Ministers had agreed on a Europe-wide ban on the import of whale products from January 1, 1982.

Mr. Wiggin also criticised inhumane killing methods such as the "cold grenade harpoon" and asked the IWC to ban its commercial use. This statement could mean the UK will vote for lower quotas on the minke whale, which is hunted in this manner.

Also on the agenda this week is a motion by the Seychelles to ban the hunting of sperm whales. Such a ban could eliminate much of the Japanese coastal whaling industry. Last year, the Japanese killed 1,350 sperm whales, a significant portion of their total whaling activities.

Westward's shares may be restructured

BY ARTHUR SANDLES

RESTRUCTURING OF Westward Television's share capital, effectively removing Mr. Peter Cadbury's power-base with the company, could emerge as one of the negotiating demands of the present Board—which a week ago removed Mr. Cadbury *from his chairmanship.*

Mr. Cadbury is using his share strength as a springboard from which to get himself reinstated as head of the company which he founded.

Westward's present share structure includes 200,000 voting shares, of which Mr. Cadbury himself holds 35,000. Lord Lisburne, deputy chairman of the company until he, too, was dismissed, holds a further 10 500. Lord Lisburne is a lifelong friend and ally of Mr. Cadbury.

Mr. Cadbury's other main Boardroom supporter, Mr. Harry Turner, holds 2,000 voting shares. *There will be a fairly spectacular pledge of 5,500 more shares today from a former* Westward director.

Arguments are likely to centre on nearly 965,000 non-voting 10p shares. In Mr. Cadbury's absence it seems the Board is unhappy about this position—although Mr. Cadbury owns 205,669 of these, too.

It appears that the Westward Board, whose new chairman is Lord Harris of Greenwich, a former Labour Minister, who has 1,000 voting shares, would have to offer a fairly substantial carrot to Mr. Cadbury for him to widen the share base. However, the Board is more likely to indicate that, with its new theme of grass roots democracy in the franchise areas, the Independent Broadcasting Authority might not renew the Westward franchise without a change in structure.

For the moment, however, talk of "negotiations" between the two sides would be an optimistic word to use. Both seem determined to see the battle through to its conclusion—an extraordinary shareholders' meeting at which votes would decide.

Mr. Cadbury is convinced he has sufficient pledged support to win at such a meeting and clearly hopes that the other side will back down in the face of certain defeat. He has not yet carried out his threat of setting in motion the calling of the meeting.

TV rental companies refund £500,000

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

MORE THAN £500,000 has been refunded to consumers by some television rental companies because rental charges were increased unfairly.

Repayments followed pressure from the Office of Fair Trading, which uncovered over-payments in the course of issuing credit and hire licences under the Consumer Credit Act.

Over-payments occurred because some companies unfairly told customers that all rental agreements contained a clause allowing companies to increase rentals simply by giving notice.

However, the OFT says this was untrue, because not all *rental agreements contained* such a clause. But the OFT also found that when some customers complained, some companies further misled them. was allowed under legislation controlling television rental. Such legislation does not affect customers' rights under terms of agreements they had signed, according to the OFT.

"I consider these practices to be unfair," said Mr. Gordon Borrie, director general of fair trading, yesterday. "But I am pleased companies concerned have taken steps to put things right by refunding more than £500,000 to customers, agreed to defer some increases until proper notice is given, and promised to give customers full information about their rights."

The OFT refused to disclose names of the companies and to provide more details of over-payments.

Falling output and more gloom in the construction industry

BY MICHAEL CASSELL

OUTPUT is falling in all sectors of the construction industry, according to the National Council of Building Material Producers (BMP).

Mr. Richard Herman, director general of the BMP, said yesterday that, after a relatively good start to this year, many material producers were now experiencing sharp reductions in demand.

Releasing the council's latest set of construction forecasts, Mr. Herman said that total output in the industry this year was expected to drop by 6¼ per *cent from the previous year.* The material producers expect a fall in activity across the entire industry, with repair, maintenance and improvement for the housing and private, non-housing sectors proving the only exceptions because of higher activity earlier in 1980.

Next year, every part of the construction industry will, according to the BMP, show a reduction in output, and overall activity is expected to fall by a *further* 8½ per cent when compared with 1980 levels.

The material producers predict that the total number of housing starts this year will reach only 165,000, against 221,000 in 1979. Next year, the total could fall to 155,000, making it the lowest annual figure since the last war.

The number of homes finished this year is forecast to fall to 205,000 from 236,000 in 1979. There will be a further decline to 190,000 in 1981 and 1982. The BMP also expects public sector construction output (excluding housing) to fall by 6 per cent this year, and by another 8 per cent next year. A 5 per cent decline in private industrial work this year will be followed by a 12 per cent drop next year. Private commercial work is forecast to fall by 1 per cent this year and by another 3 per cent next year.

● House prices are at a standstill or falling back, according to the latest survey from the Royal Institution of Chartered Surveyors. It says that in the three months ending in June, over half of all agents reported no change in prices. There was, however, a noticeable increase in the rate of house sales involving lower prices. About 27 per cent of agents said that they were experiencing price reduction against a figure of 19 per cent in the previous quarter.

Japanese cars 'need tighter curb'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MORE EFFECTIVE voluntary agreements on imports from Japan would help silence the outcry about inroads by the Japanese in European Community markets, said Mr. Geoffrey Rippon, Conservative MP for Hexham, speaking on the motor industry yesterday.

He pointed out that the Japanese already had accepted some voluntary quotas.

"It may be there is a case for tightening those up until the Japanese show greater willingness than they have hitherto to open up their own markets to British and European goods."

Mr. Rippon was speaking in a BBC World at *One broadcast.*

At the weekend, Mr. Bill Hayden, the vice-president in charge of Ford's total European output, said that he could not see any way that European manufacturers could stop erosion of their car markets by the Japanese without some form of control through the EEC.

Mr. Hayden suggested that the European motor industry would never match Japanese productivity. For example, the *Japanese were three times more* efficient than the UK industry, and could build a car for $1,000 (£416) less.

Increased sales of Japanese cars at low prices would not benefit consumers in the longer term because this would increase unemployment throughout Europe and, consequently, cut purchasing power of individuals.

If Ford of Britain could match Japanese efficiency, which it could not, the company would need only about half its present workforce of 70,000, said Mr. Hayden.

Mr. Rippon maintained yesterday: "There is no future *in protectionism.* We in Europe must try to produce cars as good as those produced by the Japanese."

He added, however: "We are entitled on a European basis to say to the Japanese that it is all very well for you to want free competition in this field (cars) where we open our markets to you. You are not on the other hand opening the Japanese market to other European manufactured goods.

"And we would, as a European community, be entitled to set about negotiating a new trade agreement with Japan."

Fire closes china factory

A FIRE at the Aynsley China-works in Stoke-on-Trent has put one of the company's four factories out of action.

It could be several months before the factory, which produced ornamental china, gets back into production, Mr. Michael Gillow, managing director, said yesterday.

A decision will be made shortly as to whether the 100-strong workforce can be given jobs in the company's other factories.

LT fares look set to rise by 13½%

Financial Times Reporter

LONDON TRANSPORT has applied for its fourth fares increase in 15 months. Its plans for Underground and bus fare rises averaging 13½ per cent will be put before a special meeting of the Greater London Council on Friday.

London fares have risen by nearly 40 per cent during the past year, and the currently proposed increases — to take effect from September 21—will mean an aggregate rise of more than 53 per cent since June, 1979, if they are implemented.

Last month London Transport asked for an 18 per cent increase but this was vetoed by GLC members.

Under the new proposals bus fares will rise by an average of 16 per cent with the minimum fare being 12p instead of 10p. Underground fares will increase on average by 11½ per cent with the cheapest Underground fare rising by 5p to 20p.

The last round of fare rises in February resulted in fewer commuters using the LT service. A reduction in tourists also took its toll.

LT expects to have a deficit of £40m this year and losses amounting to over £90m in 1981. It has warned the GLC that delay in introducing the price changes could result in a further loss of revenue.

Last month Sir Horace Cutler, leader of the Conservative-controlled GLC, said that the only way the deficits could be met were by fare increases, higher productivity, service cuts and a bigger subsidy from London's ratepayers.

At the special meeting of the GLC's Policy and Resources Committee on Friday, the cash crisis at LT and ways of restructuring the authority are to be discussed, as well as LT's recommendation to the council for a £480m investment programme over the next five years for new trains and buses and station improvements.

The only comfort for com*muters yesterday was the publi*cation by LT of its Travellers' Perks booklet containing details of all shops, theatres and travel agencies offering discounts to holders of underground tickets, cheap day return tickets, bus passes and annual Go-As-You-Please tickets.

Widow wins back pension

By Robin Pauley

MRS. GLADYS LILLYSTONE, a widow of 72 who sold her home by instalments to try to make ends meet, should not have been penalised by *having* her supplementary pension withdrawn a High Court judge said yesterday.

The Department of Health and Social Security said yesterday that the ruling could affect hundreds of people in a similar position. The Department was given leave to appeal, but the judge said that meanwhile Mrs. Lillystone should receive her money.

Downturn causes loss of 630 stationery jobs

BY JAMES McDONALD

JOHN DICKINSON Stationery—part of the Dickinson Robinson paper and packaging group and UK leader in domestic and business stationery—is to cut its workforce by 630 jobs before October 18 because of the business downturn. It is also considering introducing short-time working.

The company, best known for its Basildon Bond stationery, employs about 5,000 people. The job losses, in staff and shop floor, will be in its three sites in Hemel Hempstead, Tottenham, London, and Kirby, Liverpool. Part of the reduction will be by way of normal retirement and turnover.

John Dickinson says the downturn has been caused by the general recession in Britain and the strength of sterling overseas. "This situation has been aggravated by the high levels of national wage settlements and the recent disruptions in the printing industry."

The company sees little prospect of an early improvement in market conditions. But it has invested heavily in recent years in production and distribution facilities and says it "has every confidence that the business has a secure future."

The Dickinson Robinson Group employs about 19,000 people and in March reported a 16 per cent rise in taxable profits in 1979 to £27.7m. Mr. John S. Camm, the chairman, said then that so far in 1980 demand was holding up well in the UK and overseas and that, although conditions would still be difficult, present forecasts indicated a further increase in earnings.

Silentnight Holdings, which has been reviewing its furniture division operations because of losses, is to close its furniture factory in Wigan within 90 days and 230 people will become redundant.

D. B. Marshall, Scotland's largest chicken and egg producer, is to close its "Chunky Chicks" factory at Cambuslang in October with the loss of 238 jobs because of cheap imports from France. The company said in Edinburgh: "We are not anticipating any other redundancies of our 2,000 employees."

Marshall's operations are concentrated in the Lothians and in Fife, where more than 300 employees at the Buxted poultry complex are to lose their jobs by October.

Only 35 of the original 250 workers at **Pedigree Toys,** of Wellingborough, Northants, are left because of the slump in trade and the company has been placed in the hands of a receiver. Some production is continuing while the receiver tries to sell the company as a going concern.

Charles Wicksteed, engineers of Kettering, Northants, is to close its foundry operations altogether because of a fall in orders, with a further loss of 30 jobs. Two months ago 40 workers were made redundant.

Calders and Grandidge, timber importers, of Boston, Lincs., is to make 50 workers—one-third of its labour force—redundant because of the building industry depression.

About 250 workers at the **Pirelli** tyre division at Burton-on-Trent, Staffs, are to go on short-time working next month because of the motor industry recession.

The liquidator of **Allard Knitwear,** in Market Weighton, near Driffield, Humberside, said the company had a forward order book worth £150,000 and he hoped to sell the plant as a going concern. The 60 employees have offered to give up their annual holidays, starting next week, to let potential buyers see the plant in operation.

Bloomsbury Group letters make £74,960 at Sotheby's

SALEROOM

BY ANTONY THORNCROFT

AN AUCTION of letters and manuscripts about the Bloomsbury Group, donated from various sources to raise money to save the house of Duncan Grant and Vanessa Bell at Charleston for the nation, brought in £74,960 at Sotheby's yesterday. Unfortunately, the most important of the 130 lots, a series of 170 letters and cards from Virginia Woolf to her friend Clive Bell, failed to sell, although the bidding reached £13,000.

The top price was the £8,500 from the Tate Gallery for nearly 500 letters from Roger Fry to Vanessa Bell, and vice versa, many of them illustrated, while Quaritch gave £4,800 for 45 letters from Virginia Woolf to Quentin Bell. Virginia Woolf's writing desk sold for £2,800 to Colin Franklyn, the Oxford dealer.

Also sold at Sotheby's yesterday in a very good auction were autograph letters and manuscripts, and a good collection of Civil War papers. It made £49,820. The highest price, paid *by Quaritch, was £6,600 for a* letter from Charles I to Prince Rupert, reproving him for surrendering Bristol to Fairfax. The Leeds Castle Foundation acquired 32 letters from Royalist commanders, mainly to Prince Rupert, for £4,000.

In the general sale S. J. Phillips paid £5,000 for the oldest surviving minute book of any masonic lodge in the UK. It came from Aitchison's Haven lodge near Edinburgh, dating from between 1598 and 1764. The same sum secured a large collection of logs and other material about whaling, dated 1873 to 1910.

Tyneside yard wins £18m order

BY RAY DAFTER, ENERGY EDITOR

MARATHON OIL, operator of the Brae Field in the UK sector of the North Sea, has ordered £18m worth of process equipment from Charlton-Leslie Offshore, of Tyneside.

The equipment will be delivered as three modular units, weighing about 6,000 tonnes altogether. The contract is the largest single order received by the yard—part of the Charlton-Leslie engineering group—since its opening in 1974.

The three modules, which will be installed on Brae's fixed production platform, are due to be delivered in the spring of 1982.

Chevron Petroleum (UK), as operator of the big Ninian oilfield, has announced that output from the North Sea reservoir has reached more than 100m barrels. The field is producing oil at the rate of 225,000 barrels a day—about 12.5 per cent of the UK's total oil requirements.

Ninian is the UK's third biggest oilfield with at least a further 1bn barrels of estimated recoverable reserves still to be produced. (One barrel contains 35 Imperial gallons of oil.)

The development of the field has so far cost Chevron and its partners—British National Oil Corporation, ICI Petroleum, BP Petroleum Development, Ocean Exploration, Murphy Petroleum, Ranger Oil, and London and Scottish Marine Oil—more than £1bn, of which 76 per cent has been spent on contracts in the UK.

Taylor Woodrow Energy has started to drill for gas close to Malton in Yorkshire. The well, known as Malton No. 3, will be drilled to a total depth of about 5,250 feet. The drilling consortium comprises Taylor Woodrow (14.25 per cent), Candecca Resources (49 per cent), RTZ Oil and Gas (14.25 per cent), Haoma NW Mining (UK) (13 per cent), and James Finlay and Co. (9.5 per cent).

Ruling is sought on oilmen's tax

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE INLAND REVENUE yesterday asked a High Court judge to uphold a £2m income tax assessment on a Panamanian company employing Britons in North Sea oil operations.

The Aevenue appealed againstt he quashing, by tax commissioners, of a £2.03m PAYE assessment on Oceanic Contractors, whose British em*ployees work on barges laying* pipes and carrying out maintenance.

Oceanic denied liability to pay the tax, aruing that the Revenue should recover it by direct assesssment and not through PAYE.

Mr. Justice Dillon was told by Mr. Paul Baker, QC, for the Revenue, that tax collection from North Sea oil workers was a serious problem because of the difficulty of discovering their names and whereabouts.

Oceanic was a subsidiary of the U.S. corporation J. Ray McDermott and Co, Mr. Baker said. It was not registered in the UK for tax purposes and its North Sea workers—400 in 1977, the year of assessment, of whom 69 per cent were UK nationals —were on the company's Brussels' payroll.

Mr. Baker said that the workesr themselves were indisputably chargeable under Schedule E. The issue was how far the Schedule E provisions of the 1970 Income and Corporation Tax Act applied to foreign companies.

The Revenue's case was that merely by employing UK *nationals in the North Sea,* Oceanic became liable to deduct PAYE. If that in itself was not sufficient, the fact that the company had a "presence" in the UK made it liable.

That depended on the extent of the extra-territorial operation of the Act, Mr. Baker said.

Oceanic based its case on contentions that it was not registered, resident or domiciled in the UK, and that the salaries were paid *outside the UK.*

The hearing continues today.

Cut in heating ordered

BY ELAINE WILLIAMS

OFFICES, SHOPS and factories *have been told by the Govern*ment to turn down their heat this winter to reduce Britain's *fuel* bill.

The highest temperature allowed in buildings not used as dwellings is to be reduced from 20 degrees C (68 degres F) to 19 degrees C (about 66 degrees F) from October 1, Mr. John Moore, Energy Under-Secretary, announced in the Commons yesterday.

The minimum temperature, from 16 degrees C to 15 degrees C, will remain unchanged.

Mr. Moore said lower working temperatures would save 1m tonnes of oil a year.

The move was welcomed by several MPs yesterday. Mr. John Hannam, Conservative MP for Exeter, said he had been in danger of overheating in Government offices last winter.

Mr. Clement Freud, Liberal MP for the Isle of Ely, suggested that the Commons reduce its heating by 5 per cent to set an example.

NCB plans smokeless fuel plant inquiry

By Martin Dickson, Energy Correspondent

THE NATIONAL Coal Board is to start an urgent inquiry into ways of maintaining production from a South Wales smokeless fuels plant. This follows *the* Government's rejection of a request for special financial aid to renovate its equipment.

Mr. John Moore, Under-secretary of State at the Department of Energy, said yesterday that the Government had turned down th NCB's request for £36m to improve the plant at Aberaman, Mid-Glamorgan, which produces phurnacite, a high-quality smokeless fuel. He said there were other ways of ensuring continued production.

The NCB, expressing disappointment, said it would begin urgent talks with interested parties about maintaining production.

The rejection is not surprising. The *Ameraman* plant, run by National Smokeless Fuels, an NCB subsidiary, has been losing money and would have continued to do so even if the renovation had gone ahead.

However, Mr. Moore's announcement is likely to provoke anger in depressed South Wales, where loss of markets already threatens several collieries with closure. An eventual decision by the NCB to reduce production from Aberaman would mean more job losses. The plant employs 1,000 men, and four local pits also depend on it.

The Government's refusal of aid means that to continue production at the present rate, the NCB may try to prolong the life of the oldest phurnacite-producing batteries beyond 1982-83, when they are scheduled for closure.

Shop spending falls despite sales drive

BY DAVID CHURCHILL AND DAVID MARSH

THE RECESSION has led to a sharp drop in spending in the shops in spite of extra sales efforts mounted by retailers anxious to clear stocks.

Retail activity held up quite well in the first quarter of the year. There has been a marked reduction in spending in the past few months, in line with generally depressed economic activity and a squeeze on incomes of consumers hardest hit by the slump.

Figures published yesterday by the Department of Trade show that the seasonally-adjusted volume of sales in the second quarter fell 2 per cent below the first. The June index of retail sales fell by about 0.1 per cent from May to a provisional 100.5 (1976=100).

The Department revised downwards its figure for the May index by about 0.4 per cent, showing the drop in High Street activity in early summer much more severe than first thought.

Some consolation for the depressed June figures came from certain retailers yesterday who said that their sales picture was brighter in recent weeks.

Few retailers were optimistic about the outlook for sales in the autumn.

RETAIL SALES

		Volume, seasonally adjusted index, 1976=100	Value, unadjusted, percentage change compared with year earlier
1979	1st	100.8	+11
	2nd	106.4	+15
	3rd	99.7	+11
	4th	101.7	+14
1980	1st	103.2	+18
	2nd*	101.1	+10
	March	102.6	+19
	April	102.3	+13
	May	100.6	+11
	June*	100.5	+ 8

* Provisional

Source: Department of Trade

The main reason for improvement in recent weeks was the traditional bargain sales, which many stores started in June, earlier than usual.

The poor summer weather has badly hit clothing retailers, now selling stocks at rock-bottom prices.

Mr. David Johnson, chief executive of Rumblelows electrical goods chain, said that extensive media coverage of bargains on offer appeared to have persuaded shoppers to buy.

"I doubt if profit margins and prices in the electrical and consumer durable trade have ever been lower," he said.

The Retail Consortium, representing the bulk of retailers, also said that many of its members reported a good response to bargain sales.

A spokesman mentioned difficulty in judging sales performance in June compared with last year because of the artificially high spending then, before the Budget.

According to the Department's statistics, volume of sales in June was about 8 per cent lower than in the same month last year.

A better indication of the slump in sales in the past six months is the Department's figure of a 1.4 per cent fall in first-half volume compared with first-half 1979.

Average value of sales during the first six months was only 14 per cent higher than during the same period last year, though annual rate of retail price inflation was about 20 per cent.

Trading legislation reaches final stage

By David Churchill, Consumer Affairs Correspondent

THE GOVERNMENT's attempts to improve the competitiveness of British industry passed its final Parliamentary stage yesterday when enabling Orders bringing into force the chief provisions of the Competition Act were laid before Parliament.

The orders will make it possible to investigate the trading practices of British companies in a more extensive and interventionist fashion than any previous attempt to improve business competition.

The Office of Fair Trading will be able to investigate any company with a turnover greater than £5m if it believes that company is pursuing an anti-competitive trading practice.

The OFT is understood to have drawn up a list of the top four companies it wants to investigate. It will probably announce these towards the end of August two at a time.

The OFT's formal investigation to establish whether an anti-competitive practice exists, likely to take about three months, may then be followed by a full-scale probe by the Monopolies and Mergers Commission. This investigation will take six months to complete, although it can be extended by a further three months.

After the commission has completed its investigation, the Trade Secretary then has wide-ranging powers—including the power to order a company to cut its prices—to implement the commission's recommendations.

Although the Competition Act itself became law early in April this year, the enabling orders laid yesterday have taken longer than expected to appear. The chief reason was the technical problem with the drafting of the orders, although the delay had led to some speculation—denied by the Government—that there was a deliberate intention to bring the new powers in slowly.

The wide-ranging nature of the new powers, for example, has particularly worried the Confederation of British Industry which intends closely to monitor the workings of the legislation.

British industry still has a few weeks' grace before the OFT launches its first probes. The new regulations do not come into force until August 12—for technical reasons due to Parliamentary procedure—and the OFT may then decide to wait a few weeks more before announcing its first group of formal investigations.

The chief role of the orders laid before Parliament yesterday was to establish just which companies would be exempt from the new powers. The chief exemption has been to limit the new powers to companies with an annual turnover of more than £5m. The Act will apply to companies with a smaller turnover if the company concerned has more than 25 per cent of the market or is owned by another company and together their annual turnover exceeds £5m.

Other exemptions include small bus operators—with a turnover of less than £1m a year—and certain practices which may conflict with other Government policies or have international repercussions. These exclusions cover such areas as exports, international shipping and civil aviation services the internal affair of agricultural co-operatives, and agreements between the Government and banks on building societies.

In spite of the delay in bringing the Act into effect, the OFT has been busy since the beginning o f the year in drawing up a short-list of possible anti-competitive practices to investiate.

Although it might seem that it would have no trouble in finding anti-competitive practices to investigate—given wide ranging nature of its powers—the OFT's officials are understood to have had problems in narrowing down its short-list.

The OFT is also likely to be aware of the publicity value of its first few investigations in bringing home to industry the aim of the new legislation in improving competitive behaviour. As the OFT is unlikely to be able to cope with more than 20 investigations a year it is important in the Government's view, that companies change their anti-competitive behaviour before the need for an investigation arises.

However, finding clear-cut cases of anti-competitive behaviour in companies or areas or national significance is proving more difficult than expected for the OFT.

The basic criteria likely to be used by the OFT in selecting companies for an initial investigation is whether the anti-competitive practice could frustrate competition, either from existing or potential competitors.

The OFT is particularly concerned, for example, at the practice of "predatory pricing" whereby one company seeks to undercut its competitors not just to increase business but to drive competitors out of the market. It has been closely scrutinising the activities of the major oil companies and a leading egg producer

Another area of anti-competitive behaviour is the refusal of some manufacturers to supply retailers who sell their products at cut prices. The OFT has held lengthy talks with retailers such as Argos and Tesco who have complained of this practice, but it is understood to be still finding it difficult to put together a firm case for an early investigation.

There is also a feeling that some manufacturers who previously were reluctant to supply goods are now only too willing to do so because of the recession and cut-back in consumer spending.

But the OFT is understood to be concerned at the price level and marketing of milk in England and Wales, which effectively prevents supermarkets from selling milk more cheaply than that delivered to the doorstep.

But in spite of the problems of finding clear-cut cases of anti-competitive behaviour to investigate, the OFT is understood to have four companies in its sights.

Such is the state of flux surrounding these potential investigations, however, that cases which now seem liable for investigation may be replaced by others before the first announcement is made.

HOW THE NEW COMPETITION INVESTIGATIONS WILL OPERATE

OFT gets complaint, makes inquiries, decides to investigate → informs → Trade Secretary / Company / Public → OFT investigates and reports after about three months → Voluntary undertakings negotiated between 4-12 weeks → if not → MMC investigation to determine public interest 6-9 months → If against public interest → Voluntary abandonment sought: if fails, Trade Secretary can force company to obey

New codes drawn up for insurance men

FINANCIAL TIMES REPORTER

INSURANCE SELLERS not regulated by the new Insurance Brokers' Registration Council will have to be more open about their business intentions in dealing with potential customers.

New draft codes of practice, for the selling of both non-life insurance and life assurance by specialists who have not registered with the British Insurance Brokers Association, have been formulated by the British Insurance Association and the Life Officers Association.

The proposals, published in this week's issue of Policy Holder Insurance Journal, provide a code of discipline for those specialists not registering with the new Insurance Brokers Registration Council.

Insurance brokers who register with the Council have their own code of conduct. Registration, which is voluntary, will in about a year confer on the applicant the exclusive use of the title "insurance broker."

The new code of practice drafted by the BIA and LOA for those who do not register is to be published in September.

It says that "where appropriate," intermediaries should make an appointment to visit prospective policyholders. "Unsolicited or unarranged calls should be made at an hour likely to be suitable to the prospective policyholder."

Intermediaries are told not to criticise any insurance company or make comparisons with other types of policies, unless the differing characteristics of each policy are made clear.

Attention must be drawn by the intermediary to any restrictions and exclusions applying to the policy. With life assurance policies, intermediaries are specifically instructed to draw the customer's attention to the long-term nature of the contract and to the effects of early discontinuance and surrender.

Other directives include a requirement that sales of with-profit life assurance, including endowment assurance, must include the advice that past performance of the contract in question may not necessarily be a guide to future performance.

Quick expansion in video sales likely up to 1985

BY GUY DE JONQUIERES

ELECTRONIC video systems which can record pictures and sound on magnetic tape will make deep inroads into the market for home movie equipment in the next few years, according to a new study by Mackintosh Consultants.

The study forecasts that sales of colour video cameras will grow by 80 per cent annually between now and 1985, while the market for conventional eight mm movie cameras will fall to half its 1980 level.

Japan is leading the development of electronic photography. Sony recently demonstrated a combined camera and recorder weighing less than 5 lb, and other manufacturers including Hitachi, Toshiba and Victor Company of Japan (JVC) are working on similar types of system.

According to Mackintosh Consultants, colour video cameras will drop sharply in price once the market for them develops, and will cost as little as $300 each by 1985.

The study forecasts that the Western European market for all types of home video equipment will treble in value to $3bn annually in 1985, when it expects a quarter of total sales to be of electronic photography systems.

It says that deliveries of home video cassette recorders, used primarily to record programmes off television, will rise to 2m units in 1985 from 800,000 this year. In five years, 25m Western European households, or one in five, will own one of the machines.

The report is less sanguine, however, about the prospects for videodisc systems, which play back on a television programme material encoded on a pre-recorded disc. It believes that sales in 1985 will be worth less than $200m a year.

Mackintosh argues that market growth will be inhibited by the existence of three incompatible types of videodisc system and by competition from pre-recorded video cassettes.

Home Video and Electronic Photography. Mackintosh Consultants, Napier Road, Luton, Bedfordshire.

Currys broadens market

BY ELAINE WILLIAMS

CURRYS, Britain's largest electrical retailers, is to expand the operation of its subsidiary, Currys Micro-Systems, established last November to sell small computers to businessmen.

Since April, four of Currys' 478 stores have included a section which sells ranges of professional computer for business applications. By September, this will be increased to nine and over 20 stores are expected to be selling systems by the end of the year.

If this is successful, Currys intends to enter the education and domestic/hobby market for small computers, although the home computer market is expected to form only a small part of the small computer sector until 1985.

Mr. Derek Moon, managing director of the subsidiary and a former managing director of GEC's Domestic Appliance Division, said that the company hoped to take 10 per cent of the £40m-a-year market by the end of next year.

Currys say that the UK market could be worth as much as £500m by 1985 and would form a "sizeable and complementary market" to existing business." Its entry into computers comes at a time when demand for domestic electrical appliances has fallen due to the general recession, and many manufacturers are on short time working.

CJB contract

CJB OFFSHORE'S latest Brazilian contract, shared with Constructora Mendes Junior, is for a production platform in the Pampo field, and not the Garoupa, as reported in the FT of July 12.

UK NEWS — LABOUR

Sharp attack on key TUC policies by EMA leader

BY PHILIP BASSETT, LABOUR STAFF

A UNION leader yesterday delivered an outspoken attack on the TUC's own economic and social policies, and he went so far as to rge the Government not to abandon its economic strategy in spite of TUC opposition.

Mr. John Lyons, general secretary of the TUC-affiliated Engineers' and Managers' Association (EMA), delivered a sharp criticism of key TUC policies. It is likely to provoke anger among senior TUC figures.

Mr. Lyons, a leading union moderate, has had a history with the EMA of difficult relations with the TUC, mainly over recruitment disputes involving other TUC unions.

He criticised the TUC general council's decision not to talk to the Government about wages unless the Government accepted the TUC's economic strategy and abandons its own, which it had already put to the electoral test.

He said: "This is not only a demand no government can or, indeed, should agree to, but also a tactic which enhances the prospect of direct confrontation."

Mr. Lyons, writing in the journal of the Electrical Power Engineers' Association, a constituent group of the EMA of which he is also general secretary, suggested that the public would decisively back any government which chose to take on the unions over the issue whether they had the right to select which laws they would accept.

He attacked the TUC's Day of Action in May as a failure which weakened British trade unionism, an eror of judgment by the general council and a fundamentally undemocratic decision, misconceived and at best premature.

He said the move rested on the assumption that the Government's Employment Bill was as disliked by ordinary union members as by union leaders. "As anyone could have told the general council, if they had asked, the fact is that it isn't," he added.

He said his union, which has industrially powerful members in the electricity supply industry, would not be party to the unions' collective industrial power to try and defeat Conservative policies "as a political act intended to bring down the Government."

Prior urges end to hostility

By Philip Bassett, Labour Staff

MR. JAMES PRIOR, the Employment Secretary, unveiled yesterday what Ministers see as the next phase of the Government's industrial relations programme when he urged employers to develop systems of employee involvement which would allow a break with the "vicious circle of hostility and decline.

"There is no question in my mind that the future of our industrial relations depends more on our progress with employee involvement than it does on changes in the law."

He saw "increased employee involvement" as the key to improving industrial relations, but stressed that the voluntary approach was the right one. There was only a limited role for Government: the prime responsibility was on management.

Mr. Prior was against any form of legal compulsion for employee involvement "at this stage," but warned that if employers did not urgently develop their own systems they might find another system imposed upon them.

Mr. Prior's speech, at the Trident Television annual lunch, was a part of the long-range plans being prepared by his Department to repair damage to Government-TUC relations by the Employment Bill and unpopular economic decisions.

Mr. Prior had held out prospects at the weekend in a television interview for a greater degree of co-operation between Government and TUC, though this is unlikely to be helped by the toughness of the codes of conduct on picketing and the closed shop to be published when the Bill becomes law.

Mr. Prior said that though the Bill was important in providing more balanced ground rules for conduct of industrial relations, the law could not itself produce a high-performance industrial society.

This was a direct reference to the EEC's draft Fifth directive, likely to be approved this year by the Council of Ministers. It could require British companies to implement a varied range of employee involvement, including boards with 33 per cent employee representation.

Mr. Prior said that the Government, while resisting legal compulsion, could not blinker itself to the European trend.

ASTMS loses court battle against Post Office

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A DECISION by the Post Office that has left 1,000 of its employees unrepresented in collective bargaining was upheld by the Court of Appeal yesterday.

The court ruled that the Post Office was entitled to refuse to recognise the Association of Scientific, Technical and Managerial Staff as representing telecommunications salesmen.

The salesmen, formerly members of the Telephone Contract Officers Association, recently voted overwhelming to merge with the ASTMS.

The Post Office refused to recognise the ASTMS on the ground that to do so would lead to fragmentation in bargaining procedures at a time when the Post Office was trying to reduce the numbers of unions with which it negotiated. Recognition was also opposed by the Council of Post Office Unions.

The Post Office said after the hearing that if the salesmen wanted a voice in collective bargaining they would have to leave ASTMS and join one of the COPOU unions.

Representatives of the salesmen said that there was no question of them changing their decision to become an autonomous section of ASTMS.

Dismissing the ASTMS appeal against the High Court's refusal to order recognition, Lord Denning said that everywhere in industry it was regarded as undesirable to have a large number of unions negotiating on behalf of small numbers.

ASTMS had argued that its Telephone Contract Officers section was virtually the same organisation as the TCOA, with the same members, officers, organisation and decision-making powers, and that it was wrong to leave those members unrepresented.

ASTMS was ordered to pay the costs of the hearing and was refused leave to appeal to the House of Lords. The dispute is the subject of parallel proceedings currently before the Advisory, Conciliation and Arbitration Service.

Isle of Grain peace bid

BY OUR LABOUR CORRESPONDENT

THE TUC General Council will try tomorrow to find a solution to the increasingly bitter inter-union dispute at the Isle of Grain power station construction site.

It will consider recommendations from its Finance and General Purposes Committee, which has proposed a variety of possible settlements in the past seven weeks without success.

A meeting of that committee yesterday considered the response of the unions to its latest proposal for re-employment on site of the 27 insulation engineers, members of the General and Municipal Workers' Union, dismissed last year.

Members of the committee would make no comment after the meeting.

Three unions, the construction and engineering sections of the Amalgamated Union of Engineering Workers, and the Electrical and Plumbing Trades Union, have said that the proposals are unworkable.

A meeting of all the unions has been called for today by the AUEW, though it is unclear how many will attend.

Rises of 17.5% proposed for catering staff

By Our Labour Staff

NEW MINIMUM pay rates for catering workers, giving increases averaging 17.5 per cent, are proposed by the wages council for workers in licensed hotels and restaurants.

The proposals, which the union side voted against, will lift the minimum rate for service workers to £54 in London and £48.80 in the provinces, and for non-service workers to £62.80 in London and £57.60 in the provinces.

There are improvements in holidays. The age for which the adult rate applies is lowered.

The Hotel and Catering Workers' Union, part of the General and Municipal Workers' Union, said it was concerned about the deduction for board and lodgings. This is raisesd by 33 per cent and would take away almost half the increase, the union said.

The union side, led by the General and Municipal, had sought basic minimum of £65. The proposals will be put to the industry for consultation.

'Boost industry' accord

BY JOHN LLOYD, LABOUR CORRESPONDENT

SENIOR TUC leaders and Shadow Cabinet members have agreed a series of proposals aimed at boosting industrial production, including the use of import quotas to protect UK industries.

The proposals are contained in a document, Trade and Industry: a Policy for Expansion, which was the subject of yesterday's meeting of the TUC-Labour Party liaison committee.

The committee made one significant change, taking out a section on employment policy, retraining and an increased role for the Manpower Services Commission, and referring the issue to further discussion.

The statement will now be referred to separate meetings of the TUC's general council and the Labour Party's national executive, both of which take place tomorrow.

Besides controlling imports, the statement calls on public bodies to buy British goods.

It was agreed that the National Enterprise Board should be expanded under a future Labour government.

Other measures called for include a state investment bank, the restoration of exchange controls and increased public expenditure.

Training Act review

RADICAL CHANGES in the structure of industrial training programmes are expected to be recommended today when the Manpower Services Commission meets to consider a 16-month review of the 1964 Industrial Training Act.

A report of the study carried out by a team under Sir Richard O'Brien, chairman of the MSC, is expected to be published in just over a week's time.

The report will consider the financing of industrial training from public funds, as at present, compared with the possibility of transferring the cost to industry.

Musicians pin hopes on Goodman

BY OUR LABOUR STAFF

HOPES OF a solution to the seven-week BBC musicians' strike centred last night on fresh attempts at mediation presided over by Lord Goodman.

Representatives of BBC management and the Musicians' Union met at the offices of the Advisory Conciliation and Arbitration Service, where both sides said they hoped to concentrate on the issues underlying the dispute rather simply on a formula for saving the Promenade Concerts.

Mr. Stan Hibbert, deputy general secretary of the union, said that so long as the BBC failed to withdraw its notices of dismissal to musicians, the two sides would reainm "far apart."

The resumed negotiations arose from a Commons Select Committee initiative last week which recommended tripartite talks between the BBC, the union and the Arts Council in the presence of Lord Goodman.

ICI staffs may accept pay deal

BY OUR LABOUR STAFF

UNION LEADERS for two large white-collar groups in ICI agreed yesterday to consult their members on new management proposals for a 16 per cent pay settlement.

In resumed negotiations with leaders of 8,800 clerical and administrative staff and 5,900 scientific and technical staff, management offered a programme of discussions on a range of issues such as hours of work and the company's "general relationship" with its staff.

As in the case of the manual workers who accepted a 16 per cent deal last month, the company took a firm stand against increasing the cash offer to its white-collar work force.

The offer, which includes improvements in holidays, was previously rejected by unions who last week led the first industrial action in these ICI staff categories.

The company said that it hoped shortly to have similar talks on pay with 1,800 engineers represented by the Association of Scientific Technical and Managerial Staffs and TASS, clerical section of the Amalgamated Union of Engineering Workers, who initiated last week's "day of action."

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UK NEWS – PARLIAMENT and POLITICS

Electricity monopoly will end–Howell

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT intends to introduce legislation to allow private companies to produce and sell electricity in competition with the Central Electricity Generating Board, the South of Scotland Electricity Board and the North of Scotland Hydro Electric Board.

This was announced in the Commons yesterday by Mr. David Howell, the Energy Secretary, during a speech in which he stressed the Government's determination to make nationalised industries more efficient.

He was replying to a Labour motion recognising the contribution of nationalised industries and deploring "the Government's damaging policies which seek to fetter and reduce public sector activity to the disadvantage of the British people."

Mr. Howell told the House: "I am glad to confirm our intention to remove the statutory prohibition on the generation of elecricty as a main business and do so as soon as a suitable legislative opportunity arises."

"We are determined to make nationalised industries more efficient, more responsive to the needs of taxpayer and customer and more able to run their own businesses within strict financial and performance criteria.

"The Government is firmly of the view that the public sector is overextended and we want to restore the balance."

He claimed that at the present levels of unemployment, Labour Party policies would make an ugly situation far worse. "The bellows approach to puffing up demand by monetary inflation is useless."

He argued that in order to provide jobs and prosperity in the years ahead Britain had to look to smaller companies providing products and services which might not even be known at the moment.

Nothing could be more inappropriate than to "lumber" Britain with industrial centralism. According to Mr. Howell, the Government's approach was practical, but was essentially questioning about the State sector.

In all, he said, nationalised industries had been responsible for a net addition to the PSBR of £2.3bn in 1979-80, 19.5 per cent of the total. This could not be changed overnight and in that year the Government had been severely limited by time.

"This year, our policies will begin to have the opportunity to shape things more decisely," he said. "Above all we are convinced that the cash limits system can only work if it is adhered to.

"Of course, there will be difficulties and changing circumstances. We are always prepared to talk to the nationalised industry chairmen about their problems. If their difficulties require modification, we are prepared to consider each case."

Leading the Opposition attack, Dr. David Owen, Labour's Energy Spokesman, said that in an article written during Mr. Heath's administration, Mr. Howell had described monetarist policies as "ludicrous nonsense."

Scathingly, Dr. Owen said that Mr. Howell would not qualify as a "wet" or a monetarist but as a "drip." The Government's cutback on the public sector, said Dr. Owen, owed nothing to logic and everything to prejudice. Day by day it was contributing to the economic disarray of Britain.

He pointed out that the country was on the eve of an announcement which would show that the Government's policies had led to the *most* damaging unemployment figures since the 1920s and 1930s.

Howell: "The public sector is overextended"

"This is one of the most serious situations that any of us in this House have ever debated," he declared.

Bankruptcies grew every day. There was not a single MP who was not continually faced with some local announcement of layoffs, short time working or closures.

Wherever one looked in the world the economic recession was beginning to bite. But in Britain it was not just a recession—it was a deepening slump.

He doubted whether Sir Keith Joseph, the Industry Secretary, had any understanding of what the public services were about. The Government only seemed to extol the merits of the private sector. Yet now it was finding that even private industry was laid out on its back.

"The steel industry is a tragic example of mishandling and incompetence," said Dr. Owen. "It is a shambles of an industrial policy."

There was now a major fear that there was about to be a Government attack on the naval shipyards of Yarrow, Vosper and Vickers, which were within British Shipbuilders.

"If this is to be done it will have a devastating effect," he protested. "It shows the doctrinal, dogmatic attitude of this Government to anything that is in the public sector."

In addition, he strongly criticised the steep increases in contract gas prices to industrial consumers and described it as "economic madness."

Telephone legislation 'will provide new opportunities'

BY IVOR OWEN

BUSINESS AND domestic subscribers will be able to choose from a wider range of ancillary equipment as a result of the partial liberalisation of the State telephone system planned by the Government, Sir Keith Joseph, the Industry Secretary, announced yesterday.

He told the Commons that legislation to be introduced in the next Parliamentary session, while preserving the basic telephone network monopoly, will provide opportunities for the telecommunications industry to develop new products and break into new markets at home and abroad.

Sir Keith, who encountered far less strident criticism from the Opposition benches than when he announced the relaxation of the Post Office's mail monopoly last week, looked to partnerships developing between the private and public sector.

He emphasised that foreign competitors will only be able to enter the British market to supply private branch exchanges and other ancillary equipment where similar opportunities are available in their home markets to British manufacturers.

Sir Keith gave this outline of how the restrictions now imposed by the State monopoly over the supply of terminal equipment attached to the network and over the provision of services to third parties using British telecommunications circuits will be eased:

- It will be much easier for equipment supplied by the private sector, including all private branch exchanges, to be attached to the network.
- People will have more freedom to use British Telecommunications' circuits to offer services to third parties which are not currently provided by British Telecommunications, for example in the data processing field.
- The scope for allowing the private sector to provide telecommunications transmission services such as satellite business systems is also to be explored.

Sir Keith made it clear that there will be a transitional period of about three years before the introduction of ancillary equipment manufactured by the private sector is permitted.

Subscribers, he said, would then be free to attach and maintain independently approved equipment which meets the necessary technical standards.

Bottlenecks

The only exceptions would be the supply, installation and maintenance of the first telephone and associated wiring connected directly to the main network, and the maintenance of private branch exchanges and associated wiring, for which British Telecommunications would remain responsible.

"This substantial change will give the business and domestic customer a wider range of equipment from which to choose and should remove many of the bottlenecks resulting from the Post Office's present exclusive privilege of supplying such equipment." stressed the Minister.

Dealing with the effect of the decision to allow people more freedom to use British Telecommunications' circuits to offer services to third parties, Sir Keith forecast a significant growth in information, data transmission, education and entertainment services over telephone circuits and the emergence of new businesses.

"I have also decided to commission an independent economic assessment of the implications of allowing complete liberalisation for what are commonly referred to as value added network services," he said.

Sir Keith underlined the fact that British Telecommunications would be free to compete with the private sector.

But to ensure fair competition, the Government would take powers to require British Telecommunications, where appropriate, to create a seperately accounting subsidiary or subsidiaries where it was in competition with the private sector.

"We shall welcome partnerships with private capital in these subsidiaries," he said.

Mr. John Silkin, Labour's Shadow Industry Minister, pointed out that the whole of British Telecommunications investment was self-financed.

The Government's proposals would deprive it of some of its most profitable outlets, he said, and how could this possibly help to reduce telephone waiting lists or the high level of telephone charges.

Welcoming the proposed changes, Mr. Kenneth Baker (C., St. Marylebone) said they preserved the Post Office's basic network monopoly while providing the opportunity for partnership between the public and private sector to provide ancillary equipment.

When Mr. David Penhaligon (Lib. Truro) asked if the ending of the monopoly network had been ruled out for all time, Sir Keith stated: "I think the answer to that is an unqualified 'No.'

"I have not rejected any such proposition. I have today announced an inquiry into how much further we can go in liberalising that monopoly."

Carrington hints of softer line on Russia

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

AN INDICATION that Britain will be making a fresh attempt to improve relations with the Soviet Union during the coming year was given yesterday by Lord Carrington, the Foreign Secretary.

His speech—which marks a distinct change of emphasis from the Government's hard line attitude to Russia following the invasion of Afghanistan—was made to a press gallery lunch in the Commons. His conciliatory tone was all the more surprising as it came at a time when the controversial Olympics are in full swing in Moscow.

"We have to make a special effort on East-West relations," he declared. "We must not compromise or dream of compromising on our principles or on our defence.

"But we need not necessarily be resigned to perpetual and permanent confrontation. That is surely not the way in which we want to live.

"We have to have an overall balance of perspective on East-West relations. That is something in this next year or two to which we have to give a lot more thought."

The Foreign Secretary, who was reviewing progress on foreign affairs during the Government's first 14 months in office—was optimistic about the future of Zimbabwe. But he was strongly critical of Britain's allies for not doing more to give financial assistance to the new state.

Carrington: "We need not be resigned to perpetual confrontation"

Following the elections in Zimbabwe there had been a great deal of euphoria which overlooked the tribal difficulties facing the country. But now the pendulum had swung too far the other way and people were too pessimistic about what was happening there. Realists would have understood that there was going to be a difficult time in the new state.

Lord Carrington, however, was convinced that Mr. Mugabe would pursue a policy of moderation which Britain could support.

"We have to do everything we can to help him," he said.

Lord Carrington was disappointed at the response of many countries to Mr. Mugabe's need for financial assistance. It was "disappointing and sad" that Mr. Mugabe had not been able to get more money.

"In three years that economy will be self sufficient," the Foreign Secretary predicted. "He needs to be tided over for three years. I hope our friends and allies will do more than they have in the past."

In addition to East-West relations, Lord Carrington listed three other areas on which Britain would need to concentrate in the coming year.

1—We had to look much more closely at the co-ordination of policies between the countries of the West.

2—There had to be concentration on the problems of aid to the developing world.

He emphasised that the Government really was looking at the Brandt report and would evamine it with its European allies to see what contribution the UK could make

3—Britain also had to press ahead for reform of the Common Agricultural Policy and ensure that more of the EEC budget was spent on industrial regeneration, regional policies and transport.

Lord Carrington believed that there was now a greater identity of interest among Community members to see that the budget was restructured.

"But don't let us pretend it is going to be easy," he said.

He thought there had been a considerable increase in political co-operation within the Community and this had not been affected by the differences of opinion over the size of the budget.

"Europe is beginning to speak with a united voice and country for much more in the world than it would if we spoke as nine separate countries," he emphasised.

Government defeat in the Lords on Housing Bill clause

BY ELINOR GOODMAN, LOBBY STAFF

THE GOVERNMENT was caught badly off guard in the Lords yesterday when it lost four divisions in a row on the Housing Bill.

It was only the second time the Government had been defeated in the Lords this session and was indicative of the problems the Government's whips in the Lords face in getting their backbenchers in the House day after day during the summer. Yesterday evening they were doing all they could to find additional supporters.

The first defeat came on a clause in the Housing Bill dealing with council accommodation for the elderly.

Bishops and some Conservative Peers joined with the Opposition to force through an amendment which, if it survived in the Commons, would mean that local authorities would not be obliged to sell off accommodation normally let to old age pensioners to sitting tenants.

Despite a compromise offered by the Government, the amendment was carried by 109 to 74 in a vote which may be indicative of the kind of trouble the Government may face on some clauses in the Local Government Bill when it gets to the Lords.

The amendment will now go back to the Commons for consideration. Technically, it could be thrown out by MPs but there has been considerable pressure from Conservative supporters in the constituencies for this change to the Bill.

The worry has been that if old age pensioners renting accommodation specially built for the elderly were given the automatic right to buy, local authorities could find that stocks of such accommodation became exhausted.

The Government did make some provision for this in the Bill but it did not go far enough for the Opposition. The point was made during the Bill's committee stage and the Government promised to consider the situation.

At the report stage in the Lords yesterday, the Government proposed an amendment of its own which would have meant that local authorities would not have to sell sheltered accommodation.

But Baroness Birk, the Opposition spokesman in the Lords on housing, backed up by the Bishop of London, argued that without their amendment local authorities would be in serious trouble providing homes for the elderly in future.

The only other defeat in the Lords for the Government this session was over its plans to charge for school transport.

Since then, the Government has agreed to make various changes to minor aspects of its legislation as a result of objections in the Lords.

But, given the pressure of business in the Lords over the next few weeks, the Government could well be defeated again as it is far more difficult for the Conservative whips in the Lords to persuade all their backbenchers to turn up for every vote than it is for the Commons whips.

The big test will come on the Local Government Bill, where a number of former Conservative local Government leaders, now in the Lords, have serious reservations about some of the proposed new legislation.

Power stations plan 'inadequate'

BY MAURICE SAMUELSON

THE TEN-YEAR programme of building nuclear power stations, to which the Government is committed, will fail to provide the country with adequate and secure supplies of electricity, MPs were told yesterday.

The warning came from the Friends of the Earth organisation which, in evidence to the Commons Select Committee on Energy, switched its main criticism of nuclear power station expansion from the environmentalist risks to economic and technical effectiveness.

Claiming that the Energy Department had both overestimated electricity demand in the next two decades and under-estimated the cost of the nuclear plant programme, Mr. Czech Conroy, the Friends' campaign director, said that the Government was "putting all our eggs into the nuclear basket."

If the PWR turned out to be unsatisfactory, the huge investment in it "may turn out to be a very silly decision."

The £15bn officially forecast as the cost of the nuclear power expansion programme, would be more profitably spent on a broad combination of energy efficiency measures, on combined heat and power (CHP) systems to provide district heating from power station waste, and on renewable energy sources such as solar heat and wind power.

In a memorandum to the committee, the Friends said that West Germany was roughly twice as efficient as the U.K. in its use of fuels, but that the UK could quadruple its fuel efficiency.

In combined heat and power, Britain was falling behind other European programmes, yet a programme of eight to ten CHP stations would be far cheaper than a nuclear power station programme of similar capacity.

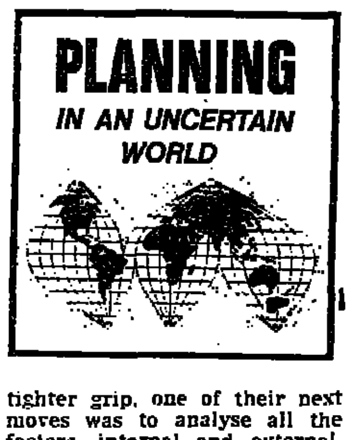
According to the Friends, the cost of the nuclear power programme would be more than the Government estimated

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

A new conglomerate steering device

After yesterday's analysis of the strategic impact of Reed International's unusual approach to planning, Christopher Lorenz explains how the sytem assesses the interactive effect of changes in the economy and in internal corporate policies



ONE OF John Chandler's first acts as Reed's planning director was to take an entirely fresh look at the company's composition — its "portfolio of businesses," to use the popular jargon. His conclusions came as a considerable shock to many Reed stalwarts.

The tradition at Reed had been to see "paper" as the unifying theme of the group, recalls Chandler, whether in its raw forest state, or as paper proper, or made into containers, or a raw material for publishing or wall coverings.

"When we examined this concept more closely we perceived that in fact there was very little inter-supply among our wholly-owned activities." Instead, he and his deputy, Bill Bane, identified about 60 substantial businesses, each of them serving identifiably separate market sectors. "In other words, we were and are clearly a conglomerate."

Once this had been realised, it was obvious that the lines on which the group reported and planned had to be re-drawn, so that each activity (or "business") could be singled out for individual attention. It is one of the more fundamental if mundane achievements of Reed's planning system that its executive committee now receives monthly performance reports from each of its businesses.

Chandler and Bane had been brought into Reed at the end of 1975 from the corporate staff of one of its main subsidiaries, the International Publishing Corporation (IPC). They came hard on the heels of their boss, Sir Alex Jarratt, whose move from IPC to the executive chairmanship of Reed had been made at the beginning of the year.

The brief Jarratt gave them was to construct a realistic and resilient planning system which would help him and his colleagues run the business. In the light of the diversity of the Reed empire and the ambitious character of the system they decided was necessary, it is not surprising that it was almost two years before Chandler and Bane could bring it into full operation—just in time to help Reed with a divestment-and-control drive which by late 1977 had become extremely urgent.

After identifying the nature of the animal over which they had to help management get a tighter grip, one of their next moves was to analyse all the factors, internal and external, which influenced the actions, health or sickness of its various limbs.

On the internal side were financial policy (debt/equity ratio, dividends, etc.) and operational policy (prices and cost structure, hence margins, levels of capital employed, depreciation, prices for acquisitions and disposals). External factors included interest and exchange rates, inflation and product demand.

Another key initial step was the adoption of a realistic corporate objective: not one of those generalised, high-flown ideals ("to be a prosperous and expanding international corporation . . ." etc.) which is so vague as to be what Chandler calls "a statement of belief in motherhood," but something quite specific, to which both managerial attention and the plans themselves can be geared. Reed chose as its objective the maximisation of the value of its corporate portfolio by the end of 10 years.

Primary measure

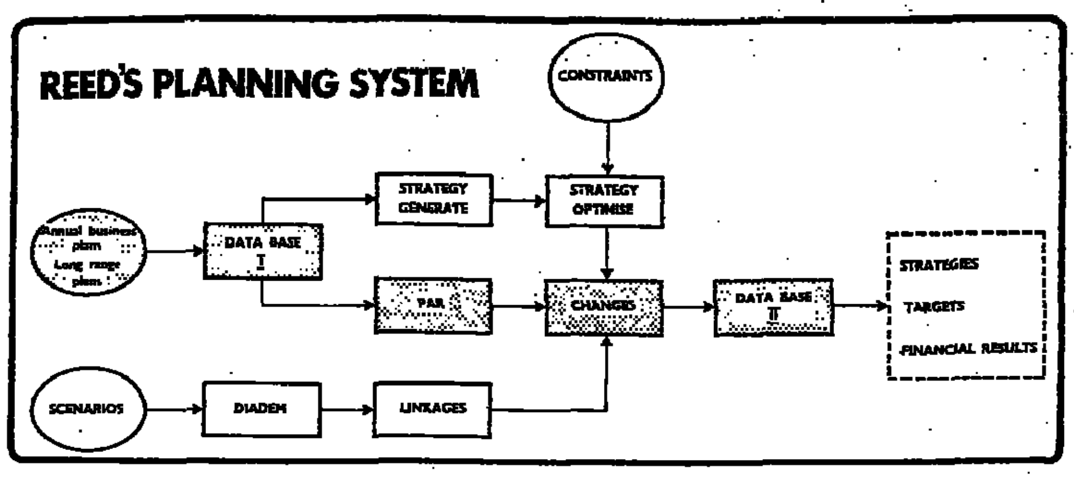
Construction of the planning system itself was then begun. The overall approach, says Chandler, was "to take the information provided by the constituent activities in their annual and long-range plans, assemble and consolidate it into a data base (Data Base I in the diagram), and then remanipulate it into a second database given different assumptions about internal policies or environmental influences."

Because of the "apples and pears" complexity of the Reed empire, it was impossible to use any profitability measure as a consistent criterion of comparison between businesses, so cash flow was chosen as the primary measure.

John Chandler: "It is easy enough to derive a strategy for a single business, but to put 60 of them together and optimise strategy within limited resources is a highly complex task"

Chandler's "remanipulation" consists of three basic stages: first, an investigation by his planning department of the degrees of uncertainty implicit in the businesses' various plans. This is followed by a review of ways in which the plans could be altered—including, where applicable, a complete restructuring of the business concerned. Finally, a trade-off is made between the medium-term security of a business and its long-term development.

The system comprises a series of computer models. The central one, indicated in the diagram by the name "Changes," computes the effect on the businesses' draft plans of internal and external influences. Into the changes model are fed three sets of inputs: external data and analysis (the bottom line on the diagram); a comparison of Reed's performance with that of other relevant companies ("Par"); and alternative strategies for individual businesses, prepared by Chandler's planning team (the top line on the diagram, "strategy generate," etc.). The "Changes" model, then produces a database (Data Base II) of revised results based on changes in the environment and on the alternative strategies (the dotted-line box).



In building up the mechanism for assessing internal achievements and strategy, Chandler received invaluable aid from a highly unusual collection of data on multinational business performance. This was the "PIMS" database programme, which was originated by U.S. General Electric, but has since been transformed into an independent service, offered by the Boston-based Strategic Planning Institute.

PIMS gave him the ability to plot the past and expected performance of Reed's 60 businesses against the "par" (average) record of nearly 2,000 business units—many of them directly competitive—in Europe and North America. The PIMS programme (standing for "Profit Impact of Market Strategy") is described in detail in the Financial Times booklet of collected articles on Planning in an Age of Uncertainty*.

The section of Reed's planning system which deals with changes in the external environment brings together several elements: the "Diadem" international economic forecasting model provided by the Economic Models consultancy; Reed's own macro-political and economic "scenarios," offering a wide range of possible assumptions: and Reed's own product demand "linkage" equations, indicating how far demand for the group's main products responds to economic changes.

As described so far, the system only analyses the effect of external factors on the existing businesses, and the relative international standing of those same businesses. The purpose of the "strategy" side of the system is to consider alternative strategies for each of Reed's businesses, and to assess the potential interactive effect of such changes on other businesses and on the group as a whole, as well as the likely implications of such changes for resource allocation within the group.

As Chandler says, "It is easy enough to derive a strategy for a single business, but to put 60 together and optimise within your limited resources is a highly complex task."

Dramatic surge

The 48 strategies which Chandler's five-man team generated for each of the 60 businesses represented combinations of the following basic strategies:

—maintain market share
—shrivel slowly/fast
—dispose
—grow slow/fast organically
—grow by acquisition in existing markets
—grow by acquisition in new but similar markets.

After the strategies have been generated, a series of constraints is imposed in order to produce optimum strategies ("strategy optimise"). These take into account a wide range of considerations, ranging from monopoly or political risk to "even sheer distaste, such as antipathy to publishing pornography," to quote Chandler.

Some of the constraints are corporate-wide (such as cash flow and borrowing limits), others are applied to particular sets of businesses (for example no more money into a particular territory), while others refer to individual businesses.

The most dramatic illustration of the need for such constraints within the system came in 1978, when Reed ran the model without any debt limit. Those businesses already set to grow showed a dramatic extra surge, says Chandler, "but debt in the first five years just about trebled, and gearing soared out of sight."

"More than anything else, this brought home to management that our businesses are extremely interactive," he says. "Growth absorbs resources, so while some businesses are nominated for growth, others must be in a 'harvest' situation" (implying either disposal or treatment as a "cash cow").

So when Reed's operating managers met at that time to discuss the final output of the "Changes" model—the revised individual plans and strategies—they were left in no doubt that the rejection of a divestment proposal must also limit their opportunity for expansion in the more profitable activities. "The discussion of strategies can, as it should, take on the character of a negotiation among skilled and informed executives of what the long-term plans for the corporation should be," stresses Chandler.

Though Reed's debt-equity ratio is no longer seen as a major constraint upon its growth, this is just one example of the way Reed's planning system has encouraged—one hesitates to say forced—the company's managers to think in a more disciplined way, not only at the centre but also increasingly at divisional level and below. At Reed Decorative Products, for instance, Malcolm Glenn says he has "asked more questions" of himself than he used to do, and prepared more robust plans.

For the first two years the complete system was run, in 1977 and 1978, Chandler's department produced "optimum strategies" for each of the 60 businesses. These were fed to the annual autumn planning conference for discussion, amendment and decision by the top divisional and central management of the group. Inevitably, it was an unwieldy and time-consuming process.

Now that most of the businesses' strategies are clearly established, the complete "strategy optimise" process will be gone through only about every three years. In effect, this may mean that strategy ceases to be "handed down" to the divisions and individual businesses as often as in the recent past; this increased degree of decentralisation was also implicit in last year's restructuring of top management which broke the group into three "product areas," each under one of Sir Alex Jarratt's board colleagues.

Both the planning department and the annual planning conference now focus most of their attention on those few businesses whose performance suggests that substantial strategic changes may still be justified. Such has been Reed's recovery that the majority of such cases are now candidates for faster growth—rather than the opposite—whether organically or by acquisition.

It is with ways of reducing the risks of diversification that Reed's planning department is now particularly preoccupied. But it is also taking a new look at its existing businesses, many of them already in a "mature" stage of development, in an attempt to assess their long-term viability. So John Chandler's planning horizon has now doubled, from 10 to 20 years.

**Available from Diana Twaites of the Financial Times Publicity Department. Price £1 + 15p p. + p. Payment to be enclosed with order.*

Management abstracts

These summaries are condensed from the journals of abstracts published by Anbar Management Publications. Readers wishing to consult original texts should write to: PO Box 23, Wembley HA9 8DJ.

The Personal Secretary as a PA. R. Höhn in Verwaltungsführung Organisation Personalwesen (Fed. Rep. of Germany), Jan./Feb. 1980: p. 31 (2 pages, in German, English version available).

Examines the position of the top manager's secretary, whose task increasingly defies critical definition while growing in importance. Suggests that the advent of word processing adds to the need for clear thinking.

Is Corporate Advertising Talking to Itself? J. Webb in Advertising and Marketing (UK), Winter 79/80: p. 8 (7½ pages, illus.).

Criticises much corporate advertising for excessive navel-gazing, and argues that it should be directed towards publicising a company's services/benefits; outlines points to consider when developing such an approach; gives named examples of good and bad.

MBO: an Idea whose Time has Gone? C. H. Ford in Business Horizons (U.S.), Dec. 79: p. 48 + Feb. 80: p. 7 (20 pages, tables).

Argues that the goals of management by objectives have been lost in the "science" of the process: gives brief examples to illustrate difficulties associated with MBO in action, and draws conclusions about its failure to achieve results, despite the validity of its goals. Describes an alternative decision-making structure to overcome the perceived weaknesses of MBO, which aims to encourage timely decisions, involve lower-level management, improve co-ordination and communication throughout the chain, and assess individual management performance.

Joint Consultation in ICI. F. Armistead and others in Industrial Participation (UK), Winter 79/80: p. 3 (7 pages, chart).

Describes the formal and informal joint consultation structure operating at the ICI engineering works at Billingham, and reports on a review of its effectiveness by a project team consisting of managers, supervisors and shop stewards; discusses the team's terms of reference, procedures for tackling the project and recommendations.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SECURITY

Double lock to foil the intruder

INCORPORATING BOTH a mortise lock and a cylinder lock, as well as a lever-type door handle in one neat chrome-plated unit, is a new double-security lock known as the Boda 451 from Bjorkboda Bruk AB of 25560 Bjorkboda, Finland.

Mortise lock has eight tumblers, and there are over 100,000 key combinations. When the key is turned a full 360 degrees, it shoots the steel bolt which, in the locked position, protrudes 21 mm.

The bolt is said to withstand a lateral pressure of at least 1,570 lbf—or a pressure of 1,120 lb—to force the lock by pushing the bolt backwards into the casing. Key cannot be withdrawn from the lock before the bolt has shot the full 21 mm.

Cylinder lock can be fitted with either a single or double cylinder whose spring bolt protrudes 20 mm. In many cases, existing cylinder locks and lever handles can be used with the Boda 451.

Lock can also be equipped with a hardened drill-proof sheath, and a lever handle and escutcheons for anchoring with through-door screws. Standard model is designed for doors not exceeding 65 mm thick, although longer keys can be supplied.

● COMPUTERS

Solid-state keyboard

KEYSWITCHES WITH a life stated to be in excess of 300m operations have been used in a new solid state keyboard from Cherry Electrical Products, Coldharbour Lane, Harpenden, Herts. AL5 4UN (05827 63100).

The completely integrated keyboard encoder needs only +5 volts DC and can encode up to 10 bits for 110 keys with four modes per key. The codes are designed-in via a low cost mask option and any code can be selected including ASCII, USASCII, Baudot or EBCDIC.

Scan time is adjustable from 10 to 80 microseconds per key and a unique noise immunity circuit is included to distinguish "good" keys from noise. A number of special options can be supplied.

● NAVIGATION

Marks the deep water highways

TO MEET the need for modern light and sound signal radiation in crowded deep sea shipping lanes, AGA Navigation Aids of Brentford has developed an unmanned vessel which can be maintained on station for three years with the minimum of servicing.

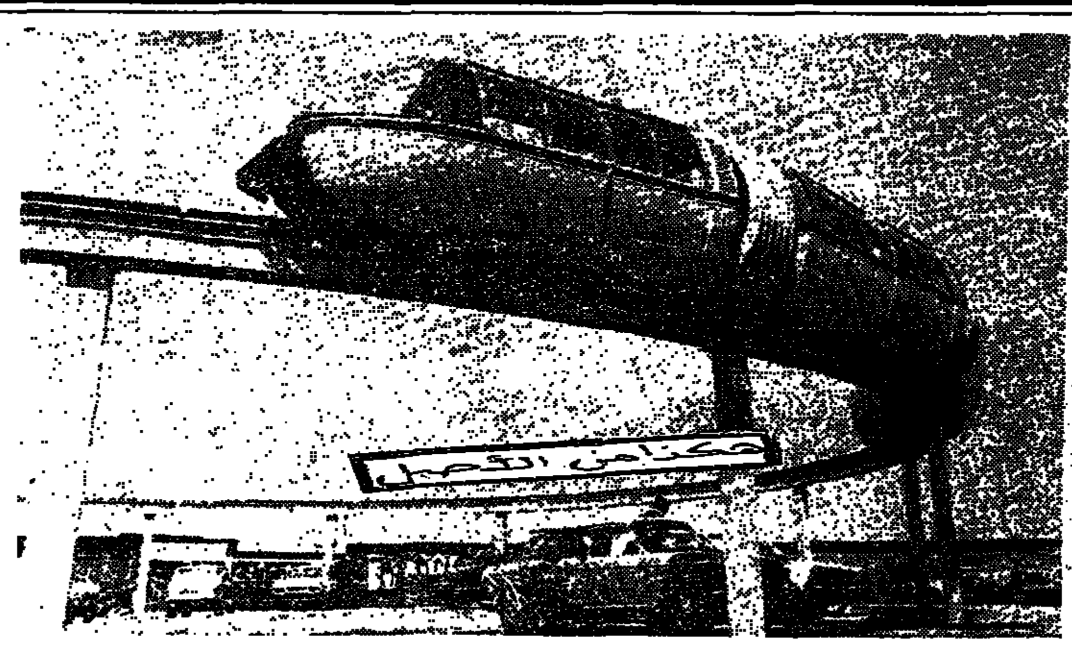
New hull lines make possible very simple low cost construction, but the vessels have deep water open sea capability, are fitted with rugged well tried light and sound equipment and carry sufficient energy supplies for three years.

Two vessels of this type have just been supplied to Trinity House at a cost of £700,000 and one will be used in the traffic separation scheme in the English Channel in 70 metres of water off the Casquets.

These unmanned vessels are 21 metres long, carry 27 km rotating acetylene gas lights maintained in the horizontal plane by a pendulum system, and electric sound generators with a three kilometre range.

Particular attention has been paid to easy boarding when a sea is running and comfortable working conditions during maintenance. First sea trials of the vessels will be completed shortly.

More from Beacon Works, Brentford, Middx. TW8 0AB (01-560 6465).



Controlling the Rhyl monorail

ELECTRIC MOTOR drive and control systems for the first UK public passenger carrying monorail, due to start running along Rhyl promenade on August 1, have been the work of Allen Bennett of Sheffield, which recently joined the Associated Engineering Group.

Each of the three carriages in the train will have a 15 hp motor with an electronic controller, the three controllers being interconnected via a load sharing network. Normally the entire load is shared equally between the three motors but if one fails the other two will share the load. Given any overall fault the systems shut down in a controlled sequence, stopping the train.

Speed, direction and acceleration/retardation rates are controlled using a foot switch and pressure sensitive joystick but if excessive rates are demanded an electronic control takes over to prevent passenger discomfort.

An interesting development is a collision prevention system using modulated light sources; this will halt the train if it approaches within 15 metres of another or if the line is blocked.

● IN THE OFFICE

More flexibility with new readers

THE LF series of microfiche readers from Agfa-Gevaert, of which some 200,000 have already been sold throughout the world, is to be expanded, the emphasis remaining on engineering excellence, clarity of image and ease of use.

The new Copex LF102 has a single lens position into which one of three lenses can be fitted in a second or two to give magnifications of 18:1, 36:1 or 42:1. The unit should prove useful where a single magnification is needed most of the time but there is a periodical need for work with another lens. The LF104 on the other hand has two lens positions and is intended for use where work switches frequently between two magnifications.

Also available soon will be a universal flat microform reader for which four filmholders are available and can be interchanged. The standard holder takes single jacket, aperture card or fiche up to 180 x 240 mm, another takes A6 only, a third will take two A6 microforms side by side and a fourth is a double jumbo holder aimed at the motor vehicle industry. A sliding dual lens system is used.

More from 27 Great West Road, Brentford, Middx (01-560 2131).

● INSTRUMENTS

Measuring the oil content of water

IN SUCH installations as power stations and petrochemical strument which, by a process of sampling and sub-sampling still can be provided to return pure carbon tetrachloride . . .

● PRINTING

Equipment for graphic arts use

A NUMBER of new products of interest to both in-plant and commercial printing concerns have been put on the market by the Antex Group, 47, Osborn Road, Thornton Heath, Surrey CR4 8PD (01-771 9981).

One of them, the Eskofot 5500 automatic focus repro camera, is an interesting application of the microprocessor in new designs of equipment, in this case making operation much more straightforward. The micro automatically sets correct positioning for the required degree of enlargement or reduction, calculated from sizing data fed into the control panel. The camera also has a through the-lens exposure control which, in conjunction with pre-set programs ensures the optimum setting for any photographic material.

Eskofot 1325 offers push button electrostatic platemaking at the rate of over 200 per hour, with between 64 and 105 per cent enlargement up to 396 x 560 mm, while other new offerings include rapid access processors, a film contact printer, and a densitometer.

● CONSTRUCTION

Where to find the quarries

BASIC RAW materials for the construction industry, as well as limestone for use in agriculture and a wide range of industrial applications are supplied from quarries. These materials are used for the production of iron and steel, glass, cement, sugar, and a variety of components and consumer durables based on rubber and plastics.

Society will need quarrying if the quality of life as we know . . .

● MATERIALS

Dishes can be thrown away

OFFERED FOR use in fast-food restaurants, take-aways, or for solving staff catering problems, are rigid paper dishes called Ovendale, result of a joint venture between Deeko and Metal Box.

A polyester coating when extruded on a paperboard base provides a material which is completely moisture/grease resistant, says the maker.

Because it can withstand temperatures of more than plus 400 deg.F and as low as minus 40 deg.F, all types of food can be successfully prepared in the dish which can then be deep frozen for storage.

The dishes can be printed with designs or logos, can be thrown away after serving, or perhaps used as the serving dishes themselves.

More from Deeko-Metal Box Ovenables, 2 Garman Road, London N17 (01-808 5871).

FINANCIAL TIMES SURVEY
Tuesday July 22 1980

Vans and Light Trucks

CONTENTS

Customers are becoming very particular about their requirements so that manufacturers are forced to compete in running costs, fuel economy and other areas beyond initial cost price. New models and diesel engine options are making an impact, leaving no respite for the market leaders.

Drivers given more say

By Kenneth Gooding
Motor Industry Correspondent

IN THE PAST buyers of vans and light trucks have been far less discerning than the heavy truck purchasers. The heavy-weight commercials have always been so relatively expensive and the cost of running and servicing them so considerable that financial considerations loomed very large.

But in the light trucks and vans sector, fashion or personal preference, or outright bias, sometimes outweighed the financial aspects.

Even before the recession that was changing fast. Where a few years ago the financially-oriented transport manager would inquire: "How much?", today he wants a complete run-down on total running costs.

One light truck dealer was asked recently to provide details of no fewer than 64 key items by a potential customer who then moved on to ask the same of other dealers' vehicles.

To some extent this new approach has been stimulated by the truck salesmen themselves who are now trained to concentrate on the "total operating cost" details rather than just the list price which so often has not much to do with the real price.

Customers are also demanding what one marketing director described as "more truck for the money." This means "more" as seen through the eyes of the driver.

Operators and fleet managers are much more concerned today about the driver's requirements and about giving him the kind of vehicle he prefers to drive.

That goes further than just more cab comfort—although drivers obviously prefer, say, a delivery van where they can simply step in and out rather than clamber over some bulbous obstruction.

Drivers want more power from the engines of their vehicles. Even if this sector is made up of vehicles mainly employed on local delivery work, this still can often entail a few miles on the local motorway and drivers become frustrated if they can get up to 45 mph only with their feet flat on the floor.

From the operator's point of view, this is not only an uneconomical way of driving but it is also time-consuming. With legislation today strictly restricting the driver's hours of work, it is important that no time should be wasted.

These are trends noticeable to a greater or lesser extent throughout Europe, but other "European" trends are not so easy to identify. Ask a simple and obvious question such as: How will recession affect the vans and light trucks sector in Europe?, and you land the person who is supposed to reply in considerable difficulties.

Of course, it is easy to talk in generalities. But the truth is that the statistics are hard to come by. Particularly in the 3.5 to 7.5 tonnes part of the sector where the complexity of types of vehicles and derivations make meaningful comparisons almost impossible.

The truck market as a whole is inherently more difficult to analyse than the car market. It is much less homogenous with the differences between a panel van and a four-axle tipper being more pronounced than between, say, a Mini and a Rolls-Royce.

However, analyses are made The Economic Models consultancy group, for example, bases its calculations on data supplied by its commercial vehicle clients who include components suppliers as well as truck or van makers.

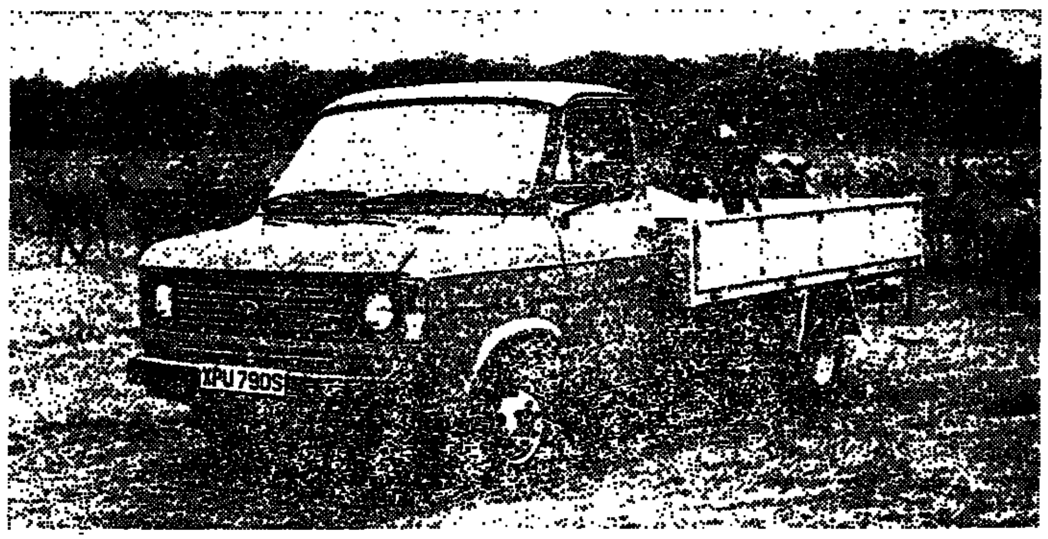
Forecast

Economic Models' European forecast suggests that this year there will be quite a severe drop in registrations of light vans (that is, car-derived vans and non-car-derived vans of up to 2 tonnes gross vehicle weight). The organisation reckons sales will fall from 325,201 by 13.4 per cent to 281,649.

But there should be some recovery the following year until the next peak in demand is reached with registrations at 331,373 in 1984.

Overall, there should be growth equivalent to about 2.5 per cent to 1985, or under half the rate experienced between 1975 and 1980.

The same overall growth is predicted for medium vans (goods vehicles over 2 tonnes and up to 3.5 tonnes). According to Economic Models, European registrations of this type of vehicle last year reached 452,017 and this year should fall back to 391,830. A further slip, to 385,870, is forecast for 1981 but then recovery should come until by 1984 the previous record is exceeded with 454,760 registrations.



Pick-up version of the Ford Transit, Europe's best-selling goods vehicle

The forecasters expect a slow decline in the 1980-85 period for light rigids (goods vehicles between 3.5 and 16 tonnes gross vehicle weight).

From 162,722 registrations in 1979, the fall this year is expected to be a modest 3.6 per cent to 156,870. After a further decline in 1981, the best this particular sector can hope for is registrations of 160,000 in 1983.

The industry measures its performance in unit rather than sales value terms. And using the industry method we find that Ford has taken over Europe's commercial vehicle market leadership this year.

Ford's strength—in unit terms—is at the lighter end of the market and it is the company's success in the vans and light trucks sector that has given it that leadership.

Facelift

The group has in its "stable" of commercials the Transit, the best-selling goods vehicle in Europe of which 1.5m have been sold since it was introduced in 1965 (there was a 1978 facelift).

In the first six months of 1980 Ford sold 103,600 commercial vehicles in Europe which it reckons gave it 14.4 per cent of the market. (The company believes it will remain in first place for the rest of the year.)

In the *half-year*, Renault was in second place with 13.7 per cent, Peugeot had 13.6 per cent (the French score heavily on the unit sales basis because their home market is such a huge one for car-derived vans taking 149,600 out of the 334,000 delivered throughout Europe in 1979, Mercedes 10.8 per cent, and Volkswagen 10 per cent.

Perhaps more significant than Ford capturing the lead at a time when its products have become in free supply for the first time in years, is the penetration of Europe by the Japanese. After achieving 8.8 per cent in 1979 the Japanese pushed up to 10.2 per cent in the first half of 1980. This topic is dealt with at length elsewhere in this survey.

The continued success of the "facelifted" Transit, coupled with Ford's financial stringency now being operated throughout the world because of its difficulties in the U.S.—where it is expected to lose up to $2bn on its automotive business this year—makes it certain that a replacement remains a long way off.

But Ford will have to judge very carefully just how long it can wait before laying down the capacity to make the Transit's successor.

It is true that Volkswagen waited 30 years before replacing its highly-successful 1-tonne Transporter. This vehicle was revamped in 1967 and then replaced in Europe last year.

The old Transporter (still being built in some countries) sold 5.5m world-wide before the change. Sales of the old vehicle were beginning to slip and the newcomer neatly reversed this trend.

Two new vehicles to be launched shortly in the vans and light trucks sector are bound to have an impact on the European scene.' The first to arrive, this autumn, will be Renault's "F" range, vehicles rather like the Fiat Daily, and which ultimately will go up to 5 tonnes gross vehicle weight. In France, Renault already has 47 per cent of the market segment at which the F range is aimed and there seems little to stop this rising to 50 per cent after the introduction.

Fiat's answer to the Transit and the Bedford CF, which have done so well on its doorstep in Italy, is to be launched sometime next year. Called the Fiat 238, it is the first product from a company jointly owned with Peugeot, called SEVEL. Originally it was planned for Peugeot to market the vehicle too, possibly with a Dodge badge on it now that Peugeot owns the Dodge business in Europe.

The main reason the Transit and Bedford CF made such headway in Italy was that they offered a diesel engine whereas Fiat did not have one. That difficulty has been solved now that another jointly-owned operation, SOFIM (involving Fiat, Alfa Romeo and Renault) is in production with diesel engines for cars and light commercials.

Differentials

Demand for diesel engines has grown among lighter commercials in the past because of the price differentials between petrol and diesel fuel in many European countries.

Ironically, now that the main bottleneck has been broken and diesel engines for cars and light commercials are more freely available, some Governments have given warning that the trend is getting out of hand. In West Germany and France there have been hints that if sales of diesel-engined vehicles go above a certain percentage of the market, prices of diesel fuel will have to be raised.

The Belgian Government was actually ready to take such a step but had to back away from the problem because there was a public outcry.

However, increased prices for diesel fuel would mainly hit demand for privately-owned diesel cars which cannot be expected to cover as many miles in a year as light commercials—and the higher the diesel fuel price, the more miles you have to travel to break even on the extra cost of the diesel engine and its servicing.

Panel vans market expected to grow

TOMORROW THE 1½ millionth Transit van is expected to roll off the line at Ford's plant on the fringes of Southampton.

Launched in 1965, and substantially revised two years ago, the Transit is claimed to be Europe's best-selling single model and over the years has inspired a wave of imitators. It is also taking Ford closer to toppling Volkswagen from leadership of the European market for specially-designed vans up to about 3½ tons.

The market is a valuable one, forecast this year to total sales of 657,000 vehicles. It is also one of the few motor industry sectors for which some growth is forecast from the 1967 level of 647,000 units.

Between its 1-ton Transporter van, an all-new version of which was launched last year—its Beetle-based predecessor lasted three decades—and its LT series vans, which range from 2.8 to 5.5 tons, VW last year held 18.6 per cent of the European market. Ford was treading on its heels with 17.7 per cent, and PSA Peugeot, now with Dodge under its umbrella as part of the Chrysler takeover, was a more distant third, at 12 per cent.

This year, Ford has edged closer yet, trailing only ½ per cent behind VW's expanded 19.6 per cent share, with Peugeot dropping back slightly.

Competitive

It is a market which in the past two years in particular has become increasingly competitive, with the older-established vans such as the Transit, the UK-produced Dodge Spacevan and BL's Sherpa being joined by, apart from Volkswagen: Renault with its new F range replacement for the Estafette, a variety of Mercedes vans with payloads from 1 to 4 tons and Fiat with its now two-year-old Daily, in the 3-4 tonne range.

The Daily is soon to be joined by the 238, under a joint venture with PSA Peugeot to tackle the Sherpa and smaller Transits head on.

It is also a market apprehensive of the growing presence of the Japanese, particularly at the lighter, 1-ton end of the sector, where vehicles such as the Toyota Hiace are proving difficult to match on price and specification. The latest arrival, Mitsubishi's L300 panel van, went on sale in the UK earlier this month.

Between them, the Japanese have taken a swiftly rising share of European markets. From 8.8 per cent overall last year they rose to 10.2 per cent in the first four months of 1980. Their UK share is about 9 per cent, but in some smaller markets—notably Portugal and Ireland—it is running at more than 30 per cent.

As with the cars sector, co-operation increasingly is becoming the name of the game in the face of rising costs and the manufacturers' tendency, though it is still often frustrated by differing national needs, to view much of Europe as one market.

Apart from its undertaking with Peugeot, Fiat gets its engines for the Daily through SOFIM, a joint company set up in Italy with Alfa Romeo and Saviem (part of Renault). However, the most wide-ranging co-operation exists between the West German heavy truck maker MAN and VW, in which the UK for nearly a year and a half has been a pioneer market.

Not only have the two companies pooled manufacturing resources to bridge the gap between MAN's 16-ton plus vehicles and VW's LT vans—the result, the 6-9 tonne MT truck range went on sale in the UK two months ago—they have combined their sales and marketing operations in the UK.

It has certainly done VW's van sales no harm; the Transporter and LT so far this year hold much the largest imported share of the UK market, the 6,885 sold in the first half being more than double the figure for the nearest rival (Datsun) and with VW looking for total UK sales this year of about 10,000, about 8 per cent of the market.

Similar operations are being set up in other European countries, and the latest twist is that another joint MAN/VW dealer organisation is to be set up specifically to handle motorised caravans, a small but singnificant derivative of the panel van sector.

The panel van is a versatile vehicle, its derivatives taking many forms from ambulances to pick-up trucks—up to 3½ tonnes—the cut-off point above which in the UK, and elsewhere in Europe, an operator's licence becomes necessary.

The pick-up area is also one in which the European makers are encountering problems with Japanese products. While at 1 ton or slightly over they do not offer the same capacity as, say, a Transit chassis cab, the fact that, in UK terms, they can be £1,000 or so cheaper, are very well equipped and sufficiently socially acceptable to be used privately, has led to them biting into sales of vehicles such as the Transit and BL's Sherpa.

Vehicles such as these have helped push up the importers' share of the UK market substantially. Last year, in a market which grew by 19.7 per cent to nearly 117,500 vehicles, imports rose by 34.5 per cent to more than 34,000. The trend has continued this year, though at a rather reduced pace.

Ford, not surprisingly, continues to be the clear market leader, with about 40 per cent. Its first half sales of 25,681, over 4,000 up on last year, reflect its full recovery from 1978's lengthy industrial dispute which at one stage took the company's share down to 14 per cent.

Bedford, mainly with its CF range, remains in second place in the UK, with first-half sales of 8,954, though more than half of its production goes to European markets as part of its role as General Motors' commercial vehicles arm in Europe, helped also by the Portuguese kit assembly plant. This mainly supplies Italy, and has a capacity of more than 11,000 units a year.

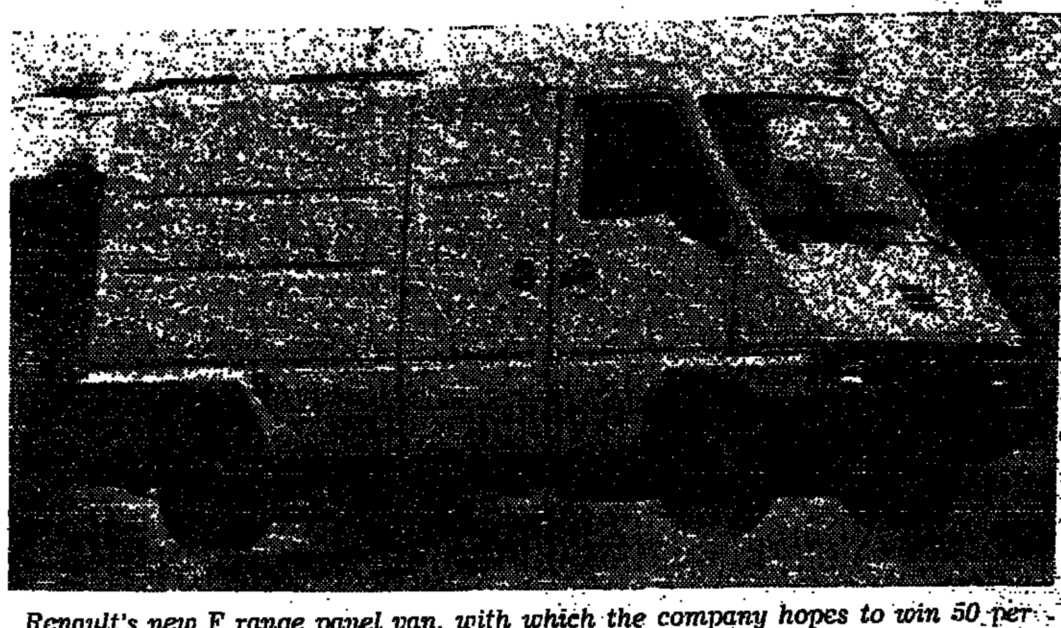
As of last month, Bedford also began plugging its own gap in the lighter sector with an Isuzu pick-up, sales of which are now starting as the Bedford KB125. More than 600 are believed to have been shipped to the UK since April, though there are not yet showing up in registration figures. GM holds a 34.2 per cent stake in the Japanese company.

BL is not far behind Bedford, with just under 8,000 sales so far this year—about 12 per cent of the market. The Sherpa is a popular vehicle, but its sales performance suffers from the fact that there are no versions over 2½ tons, a situation BL would like to remedy quickly, but the company is hampered by the inevitable investment constraints.

It will find the most receptive market so far, France, a somewhat harder nut to crack. Renault is starting to churn out about 5,000 a month of its new F range which runs up to 3½ tonnes and expects to pick up 50 per cent of the French market with it.

But the market on which Ford and other makers have their closest eye is Spain. With annual sales of 43,000 vehicles it is Europe's fifth largest market, yet it is heavily protected, a problem being sorted out slowly with the country's move towards accession to the EEC.

John Griffiths



Renault's new F range panel van, with which the company hopes to win 50 per cent of the French market

Dip in sales of car-derived vehicles

CAR-DERIVED VANS and pick-ups occupy an unusual position in the European motor industry. When it is buoyant and demand for cars is high, they are a nuisance. They take valuable space on car production lines yet provide the manufacturer with considerably less profit per vehicle.

When times are hard, though, as they are now with this year's swift onset of recession, they are a welcome means of maintaining output and profits.

Last year they found a total of 334,000 buyers in 16 European countries. Though not so much of a discretionary purchase as a private car, they also cannot escape the effects of recession. But according to one major European maker, they will not feel it nearly so badly as the car sector. It expects the car-derived market to fall, but not dramatically, to about 328,000 this year.

Next year, as the European industry reaches the bottom of the expected trough before the onset of recovery in 1982, it expects a further fall, but only to about 324,000.

That view, it must be said, is by no means a unanimous one. Economic Models, the forecasting agency, predicts for example that this year there will be a 13 per cent drop to 282,000.

The omens may not be good, but in one respect at least they could be worse. For while the car sector is locked in an increasingly fierce struggle against imports from Japan, the Japanese challenge in the car-derived field has been fading in some important European markets.

That is not to say that this is one area where the Japanese have been defeated; they have simply switched tactics, exporting instead higher value vans and pick-ups, most with a one-ton payload and competing more against the Transit-type panel van than the smaller, car-derived type.

But the effect has been to allow domestic manufacturers to take greater advantage of their respective car-derived markets, particularly now that for the first time in several years their ability to supply exceeds demand.

The UK provides a good illustration. While the market rose by 14 per cent last year to 92,600, imports dropped by 13.7 per cent to 14,924, largely because of the Japanese switch.

This year, the UK market is expected to shrink to about 81,000. In the first half the downtrend in imports has been continuing, falling by 0.3 per cent, to 6,625 out of total sales of 41,669. The fall would probably have been sharper but for problems in production affecting the second- and third-ranked UK makers, BL and Bedford respectively. Only Fiat has made any notable new inroads, its Fiat 127-based Fiorino picking up nearly 600 sales since it arrived last year.

Despite the market shrinkage, registrations of Ford's UK-produced Escort-based vans, the clear market leader, have dropped hardly at all so far this year—by little over 100 on over 15,000 registrations. Its only other contender in the CDV market, its Spanish-produced Fiesta van, has, however, fallen back in line with the declining market, of which the Fiesta now holds 3.6 per cent.

Dominance

Nevertheless, given the mighty 30.6 per cent taken by the Escort, Ford in the past 12 months has cemented its dominance of theUK market. Last year it had a total 35.1 per cent, against BL's 31.9 per cent taken by its Marina—and Mini-based vans.

This year's 40.6 per cent compares with 29.4 per cent for BL, a drop which BL explains as due in part to interruptions to production of its Marina-based van because of changes to the line required to introduce the Morris Ital replacement for the Marina car.

With these completed, BL says that for the first time in some years, it is in a position to go out and aggressively market the Marina-based 440 and 575 vans and pick-ups. They incorporate some of the Ital changes, including its more powerful and economical "A-Plus" 1.3-litre engine. They have held a 20 per cent market share for the past two years "with no marketing support whatsoever," according to BL, which now appears keen to challenge the Escort's position.

At the bottom end of the market, BL's 848 cc and 1-litre Minivans have held up extremely well against the newer competition presented by both the Fiesta and Bedford's Chevanne, based on the Vauxhall Chevette. The Minivans in the first half of this year were outselling the Fiesta by nearly three to one and the Chevanne by more. They account for about 10 per cent of the market. One reason may be that in terms of usable load capacity, the Minivan's box shape is better suited to some carrying applications than the steeply-raked backs of its hatchback-derived competitors.

Bedford, which apart from the Chevanne has its HA 110 and HA 130 models, based on the first Vauxhall Vivas, has lost some ground, its market share dropping to 18.6 per cent so far this year from last year's 21 per cent, although this, too, reflects, isolated supply difficulties—the steel strike at the start of the year caused it particular problems.

Imported

The other member of Britain's "big four," Talbot, has no domestic manufacture, but so far fended off Ford as the largest importer. Its Dodge 1100 vans and pick-ups, boxy affairs imported from France where they are known as Simca 1100s, are currently holding about 4 per cent of the market, just ahead of the Fiesta van.

Together the UK-built CDVs now account for about 84 per cent of the market; still not good when compared with the less than 9 per cent imported share of the mid-1970s, but a marked turning down from the more than 20 per cent share held in 1978.

To some extent, the UK illustrates also the greater resistance within the car-derived sector to being treated as one European market, as has happened with cars. Vans and pick-ups are mainly short-haul vehicles which have grown up meeting the needs of national markets which in many cases still differ considerably. Thus cross-frontier sales remain proportionately low *vis-a-vis* cars.

France is much the largest single market, at 149,000 units last year, and is totally dominated by domestic makers: Renault with its 4-van, Peugeot with its 304-vans and 604 pick-ups, the small Citroens, and the Simca 1100.

After the UK, it is followed by Spain (34,000), Italy with about 20,000, Ireland and Denmark, in all of which countries there are significant tax advantages from buying a car-derived commercial rather than the estate cars.

Of one thing, however, Ford and BL are confident: the bigger fleets currently using the Escort-type vans in the UK will mostly go on using them. Even despite rationalisation, BL maintains a national dealer network of 1,700; Ford of 1,300. The inability of the Japanese to match them on national coverage and service support will almost certainly be a decisive factor in retaining their loyalty.

John Griffiths

Four-wheel drive still growing

A Range-Rover being tested at BL's new proving ground at Gaydon, Warwickshire

AT A TIME of almost universal gloom in the British motor industry, the four-wheel-drive sector of the market is one of the least depressed, but will certainly not maintain the fast rate of growth achieved over the past couple of years.

Although the exact reasons for the increase in popularity of four-wheel-drive vehicles in Britain remain something of a mystery since in general they are not cheap to run, manufacturers at home and abroad have been quick to respond to higher demand.

Registrations of these vehicles in Britain in 1979 (with the exception of Range Rovers and the American Cherokee) amounted to 10,656 compared with just over 6,600 in 1978, but this enormous jump will not be repeated this year as sales in the first half have slowed rapidly. The best that most dealers are hoping for is a steady rise of about 10 per cent a year over the next few years.

Land Rover arguably has lost ground in the British market during the past two years, allowing its share to fall somewhat to about 70 per cent recently, but it can also be said that the arrival of new types of vehicle from Japan, the U.S. and elsewhere has contributed very largely to the growth of the market.

Until recently, Land Rover's main problem has been keeping up with demand worldwide, but with the weakening of markets generally delivery dates have shortened. It is also likely that when the UK market picks up again BL's major investment programme for Land and Range Rovers will ensure adequate supplies.

The company has about £250m earmarked for investments which will double the output of Land and Range Rovers. About £30m has been spent already on improvements such as the new V8 engine line, and the rest will be spent on new engine plant, new assembly lines and development.

Tempted

The 21 models in the Land Rover stable range in price from about £5,700 to nearly £9,000 for the long wheelbase, 12-seater version. Some dealers believe that the Land Rover's rising price and its comparatively high fuel consumption and running costs, have allowed foreign competitors to move in at the cheaper end of the market.

There is no doubt that some farmers, for example, are tempted to go for vehicles such as the four-wheel-drive Subaru, from Japan, which is comparatively new in the UK market and so far about 1,700 have been sold. On the other hand, at a price of around £4,000 and much lighter in weight and build, it could be regarded as complementary to the Land Rover, which is an all round utility vehicle suitable for dozens of uses.

Although the Subaru has come in for some criticism on the grounds that in rough conditions its useful life is limited, its importers point out that like most vehicles, the type of treatment it gets will determine how long it lasts.

One advantage for Land Rover is that about 60 per cent of its sales worldwide are to government or military organisations, which are often more concerned with performance than fuel consumption. Nevertheless, Land Rover is working hard to improve fuel economy and is expected to reveal some of its achievements soon.

About 3,500 Range Rovers are now being sold in Britain each year, compared with about 12,500 worldwide, and despite its universal popularity, there has been some concern over running costs and BL is looking at the possibility of a diesel-engined version. It has recently introduced a version with air conditioning which sells for about £1,000 above the normal retail price of a little under £13,000.

The uses of four-wheel drive vehicles in the British market vary so widely that it is difficult to identify anything more than an underlying trend, but there does appear to be increased demand for heavier, rugged vehicles for the construction industry, farming, police, military and other work.

The major contenders for this role, other than Land and Range Rovers, are the Toyota Land Cruiser and vehicles from American Motors, the Jeep group, such as the Cherokee, which is marketed in Britain by TKM Vehicle Services UK.

American Motors is the world's largest four-wheel drive passenger vehicle manufacturer which produces 180,000 Jeeps a year. Although the Cherokee cannot be commended for fuel economy, it is ideal for very rough conditions where its powerful engine can usually be used to get out of trouble.

TKM is also the importer of the successful Daihatsu which was launched in the UK in October, 1977, and since then registrations have risen from 637 in 1978, 1,693 last year and nearly 1,000 in the first six months of this year.

The vehicle retails at £4,645 plus VAT to £6,000 plus VAT, over a range of eight models, and has become one of Japan's most successful four-wheel-drive exports, along with the Land Cruiser and the Nissan Patrol, which is not sold in Britain.

Response

The U.S. is by far the biggest world market for four-wheel-drive vehicles, accounting for sales of around 1m, but this figure may have fallen recently in response to rising petrol prices, and expansion programmes by American Motors have been curtailed.

Within Europe, a market where four-wheel-drive has become increasingly popular, there have been a number of new entrants in the past few years, but none has managed to dominate it. The Simca-Matra Rancho, though only two-wheel drive, is a competitor and has had success. But things have been more difficult for Eastern European models which have arrived at a time of great competition for a limited market.

Another new contender is Daimler-Benz of West Germany and Steyr-Daimler-Puch of Austria with the major investment in developing the G vehicles for production at Graz in Austria. Output is being built up from an initial 9,000 a year to 11,000, but this also is arriving on the market at a difficult time.

Volkswagen-Audi's response to this has been the Iltis, a civilian version of a four-wheel-drive vehicle previously supplied in large numbers to the Dutch Army. It is powered by a 1,700 cc version of the Passat petrol engine and is being assembled at the Audi plant at Ingolstadt.

There is little doubt that these vehicles and others more established in the UK and world markets are faced with a comparatively difficult period ahead, perhaps for as long as two years, but as long as the four-wheel-drive share of the total market holds, the longer-term prospects appear good.

Major markets abroad continue to be the Middle East and North Africa, with increasing sales in countries such as Nigeria and the French-speaking West African countries, where American Motors has an agreement with Renault for export sales.

The most significant development in this market will be the increase in Land Rover production over the coming few years, since it will determine whether the many newcomers really have established a secure foothold, or whether their customers will prefer to go for Land Rovers if they can buy them readily.

Lorne Barling

Towards the Eurotruck

BRITAIN'S LEGISLATIVE requirements provide a fair illustration of the problems facing manufacturers in developing what might be called a Eurotruck.

A British carrier can run a vehicle without an operator's licence provided he sticks to a weight just below 3½ tonnes. The next threshold is 7½ tonnes; above that, he must employ drivers with heavy goods-vehicle licences.

Elsewhere in Europe, the two thresholds come together at about 6 tonnes. Also, the needs of operators in the different national markets can vary greatly.

The vast majority of customers for light trucks—the "cut-off" points for which are essentially the 7.5 tonne level in the UK and 9 tonnes elsewhere in Europe—are engaged in stop-start, short-haul work. They rarely cross frontiers; and there are dozens of small market niches which the truck-maker, allied with his specialist bodybuilders, has customarily filled at a national level. One man's horsebox is another man's tipper.

Thus the volume manufacturer looking to a Eurotruck to meet the needs of everyone in all markets has its work cut out, because all those small niches add up to a substantial volume of annual production.

Yet look to the Eurotruck it must, for two reasons:

First, costs have jumped to the point where only the potential sales provided by a pan-European market are likely to justify it investing in a new truck range, if it is to have any hope of gaining an adequate return on that investment.

The pattern has already emerged in the car industry, where manufacturers have gone further and embraced the "world car" under similar cost p...

But for the truck makers those pressures are worse. Car makers can build in luxury specifications—and, in the process, higher profit margins—for buyers prepared to indulge themselves. There are no such niceties in the truck business.

Margins

The operator is interested only in getting the most truck he can for as few as possible of his pounds, francs or Deutschmarks. In a highly competitive market, margins are thin even when economies are buoyant.

The second reason for the Eurotruck is the EEC safety, emissions and harmonisation legislation slowly emerging from the corridors of Brussels.

In itself, this will tend to restrict the range and types of vehicles on offer, so that in the longer term, as existing vehicles are scrapped, buyers themselves will adjust to what is available. But converting the legislation from paper to finished truck will also be an expensive process, further limiting manufacturers' financial room for manoeuvre and pushing them increasingly into joint production ventures.

So far, because of its sheer diversity, the 3½-tonne to 9-tonne sector has been the most resistant of all to "Europeanisation" of production. The day of the fully-integrated Eurotruck range will come; but it is still only a gradual process.

One of the best examples of where such co-operation is already achieved is provided by MAN, the West German heavy truck maker, and Volkswagen. Two months ago there went on sale in Britain, the MT range, spanning the 6-9 tonnes sector, the big seller of which in Britain will be the 7.38 tonnes model.

The MT is made of components from both companies, bridging the gap between the VW LT range—chassis cab versions of which are VW's competitor in the up to 3½ tonnes category—and MAN's 10 tonnes-plus products.

They are being marketed in Britain through a joint MAN/VW company set up last year, a pattern soon to be followed elsewhere in Europe. Planned annual production is building up to 15,000 units a year, although at the moment there appear to be some bottlenecks.

Wide choice

Some rivals are sceptical of whether the MT really will be able to take the planned 10 per cent share of the European market. The precise size of this is difficult to pinpoint, for it is a field about which there is inadequate and sometimes conflicting data. But it is probably about 150,000 units, and expected to shrink slightly this year.

The latest medium truck, however, is the Bedford TL series, launched at the end of May. Weights are between five and 16 tonnes, with a wide choice of power units. Bedford, the commercial vehicles side of General Motors in Europe, has launched the TL from a position of strength. It is among the European leaders in the medium trucks sector, the earlier TK medium series having built up world-wide sales totalling over 500,000. The TK continues in production—it is still selling 20,000 units a year—but the TL has been specifically designed for Europe.

Dodge, which produces light and medium trucks in Britain for its new French owner Peugeot, brought its own candidates to the market last year in the 50 series, with weights of 3.5, 5.6, 6.6 and 7.5 tonnes, and had a declared target of about 20 per cent of the British market (which totals about 20,000 units) by 1983. It is already just about there. Its share in the sector has gone up from 15.6 per cent in 1976 to 19.2 per cent, but so far it has yet to make any substantial inroads on the Continent. Indeed, not least of Peugeot's problems arising from its acquisition of Chrysler is devising a comprehensive strategy for development of its truck business in Europe.

Ford shares with Bedford the leadership of this sector of the British market. But its position illustrates some of the manufacturers' problems in matching models and markets. It brought its "A" series trucks out a few years ago specifically for the 3.5 to 7.5 tonnes sector. But it has not sold particularly well. Instead its larger "D" series trucks, which bottom out at 5.9 tons, have sold best, the 7½ tonne D0710 being one of Europe's best sellers.

The "A" series is likely to disappear; though not before a new-generation Transit is brought in. This could be taken up the weight scale to meet the "D" series, or at least its replacement range, the Delta, due next year.

That would be a rational move in line with the overriding need for rationalisation. But the market itself sometimes does not appear to be rational. Manufacturers are still trying to puzzle out, for example, quite why, given all the obvious pressures for the British market to concentrate at the 3.5 and 7.5-tonne levels, there should be a small but none the less noticeable revival of interest in 6-tonne trucks.

John Griffiths

Joint projects aid research

THE EUROPEAN COMMISSION recently gave the go-ahead for a group of Common Market motor companies to co-operate in a programme of long-term basic research. The companies included BL, Fiat, Peugeot-Citroen, Renault, Volkswagen and Volvo.

They have formed a joint research committee (JRC) to co-ordinate research into various aspects of energy, environment and new materials for motor vehicles.

The work will be carried out within the existing research organisations of the partners as well as by outside bodies such as universities and research institutes.

Areas of joint interest on which the research will be concentrated include such things as combustion technology, corrosion, surface treatment, vehicle batteries, quality control, computerised engineering methods and the properties of new materials.

Harry Sheron, managing director of BL Technology, the BL subsidiary which will organise the British group's contribution to the JRC research, commented at the time: "Long term research is costly and time-consuming and the formation of the JRC will help to reduce both the cost and the time involved. The working groups will be responsible for the allocation of projects and our research laboratories will be capable of carrying out our share of the research."

Trends

The JRC was described soon after its formation as "one of Europe's most-powerful lobbying groups." But this is because its role was misinterpreted.

Political punch is packed by the CCMC (Committee of Common Market Automobile Constructors,), which was set up in the early 1970s to consider jointly future trends in the motor industry and to "advise the EEC and governments on long-term developments and implications of future legislation and its effects on the motor industry."

The JRC's role will, in crude terms, prevent the modern equivalent of the wheel being invented several times over by different companies.

The argument is that if the European motor industry is to compete adequately with the Japanese it must keep up with its rivals in at least the main areas of technology.

The results stemming from the co-operation within the JRC can be expected to be just as applicable to commercial vehicles as cars. A closer look at the membership of the JRC provides a clearer idea of just how deep motor industry co-operation has already spread.

For example, Renault and Volvo became linked earlier this year—but on the car side. The two companies are to co-operate over future models, while Renault has acquired 10 per cent of Volvo's car business and will go on to build that stake to 20 per cent.

Volkswagen is involved in another research and development organisation, Deutsche Automobil Gesellschaft, with Daimler-Benz as its 50-50 partner.

Both Fiat and BL have said they see co-operative ventures as a vitally important part of their future operations. On the commercial vehicle side Leyland Vehicles is to make a ZF gearbox under licence for one of the lighter trucks in the T45 range.

BL's joint car deal with Honda of Japan has been well publicised. Leyland Vehicles has at least one more joint project lined up, rumoured to be with Renault's commercial vehicle side.

Fiat, through the light commercial vehicle division set up a few years ago to bring together those commercial operations not absorbed by the IVECO subsidiary, has a joint company with Peugeot called SEVEL which will manufacture new vehicles in a £153m factory in the Val di Sangro in the Abruzzi region of Southern Italy. The joint vehicle will compete in the Transit part of the market and fill the gap below the 1978-launched Fiat Daily which covers the 3 to 4 tonnes range.

Fiat also has a joint operation with Peugeot's partner Citroen—and between them they make a vehicle known as the Fiat 242 van or the Citroen C35. Fiat makes the bodies for these vans in Turin and each of the partners incorporates its own petrol engine, but the diesels are supplied by Citroen.

And in another Franco-Italian arrangement Fiat is co-operating with Renault. The idea was for Fiat to overcome its shortage of diesel engines for bigger cars and lighter commercials. Together with its Italian neighbour, Alfa Romeo, and Renault, Fiat helped set up SOFIM, which makes diesels at a plant in Foggia, southern Italy.

The plant can produce three-cylinder 1.8 litre diesels; 2.4 litre, four-cylinder types; and six-cylinder 3.6 litre engines.

The 2.4 litre SOFIM diesel is being used to power the new IVECO range of vans and light trucks.

Fiat is the prime exponent of the joint venture in the commercial vehicle field. It set up IVECO in 1975 by arranging with Klöckner-Humboldt-Deutz (KHD) of West Germany to combine their commercial vehicle production. Fiat already owned Unic in France and OM in Italy. KHD's subsidiary Magirus Deutz was added.

IVECO consequently became the second-largest truck manufacturing concern in Europe after Daimler-Benz.

This year KHD tried to exercise its option to sell to Fiat its 20 per cent shareholding in IVECO, but legal arguments are still going on about the terms. KHD would prefer to concentrate on its diesel engine business and if it cut the formal links with IVECO it believes it will have more chance to sell more of its air-cooled engines to other truck makers.

But KHD, under the original severence terms, would still provide IVECO with more than 20,000 engines a year for at least five years.

Fiat would prefer some other group to take over the 20 per cent which KHD hopes to divest. There have been rumours that Peugeot might be interested in adding its Dodge trucks offshoot, acquired along with the rest of Chrysler's European interests, to the IVECO operation.

Involved

But so far talks about linking Dodge with Daf trucks of Holland have not been called off. These talks began last autumn in the hope that Dodge and Daf might share in component and even vehicle development, moved on to become much more involved and then were bogged down when the two-way conversation became three-sided because International Harvester of the United States joined in. IH, owns Seddon Atkinson in Britain and has a one-third stake in Daf. It is considering taking up an option to buy a further 4.5 per cent.

The heavy cost of commercial vehicle development, coupled with the relatively low volumes of output is driving more and more companies into co-operation and joint ventures.

Perhaps the major example of collaboration in the light truck sector is the one forged by two West German groups, Volkswagen and MAN, initially for eight years.

VW is determined to "diversify" into the truck business because it is still the only major car producer without a reasonably large truck operation. It has made some progress in Latin America through the acquisition of former Chrysler companies in Argentina and Brazil, which will be used for commercial vehicle manufacturing.

In Europe VW's commercial range ends at around the six tonnes level. (In much of Europe drivers can use a car licence up to six tonnes but thereafter must bet a special heavy-vehicle type.)

Another partnership which is highly visible in that it involves complete vehicles rather than components is that between Daimler-Benz and Steyr-Daimler-Puch of Austria. Between them they have spent the equivalent of £27m on developing what many see as the Range Rover's major rival and to build a plant at Graz, Austria, to make this four-wheel-drive field car.

Called the "G" (for Geländewagen) range, most of the cars will be sold bearing a Mercedes badge. But in Austria, Switzerland, Yugoslavia and the Comecon countries they will be sold as "Puch," vehicles.

This is by no means a comprehensive list of the co-operative and joint ventures in the European motor industry. In the next year or so new ones will be announced thick and fast. The details of such ventures are usually extremely difficult for the companies to work out. But the current recession will certainly concentrate the minds of all involved.

Kenneth Gooding

One of MAN and VW's new jointly-produced range of MT light trucks in breakdown vehicle form. MTs went on sale in the UK two months ago

Japanese makers look to Europe

JAPANESE TRUCKS went on sale in the UK last month bearing the badge of one of Britain's oldest commercial vehicle groups, Bedford.

Bedford is a General Motors subsidiary and GM maintains that the trucks are of a type which are in relatively limited demand and so it is not really worth developing its own version for the UK or European markets.

However, other manufacturers would suggest that the trucks, bonneted vehicles with a 1.2 tonne payload capacity, are "mainstream" commercials, not the kind which are made to fill a small gap in the market.

An important part of the decision to bring the trucks into Britain must have been the change in the relationship between GM and the truck manufacturer in Japan, Isuzu, third-largest of the Japanese commercial vehicle producers.

Since 1971 GM has had a 34.2 per cent shareholding in Isuzu and the two companjes have had a technical assistance agreement (mainly involving GM providing help with environmental and safety technology) as well as a distribution deal.

GM allows Isuzu to use its its worldwide sales network. As a result the Japanese group's exports have increased markedly.

But some of this increase was due to GM taking the 1-tonne pick-up, now to be sold in the UK, for sale in the U.S. where it was endearingly called the "Luv."

However, this year GM is ending the arrangement and is introducing its own 1-tonne pick-up. At the same time Isuzu is in the process of setting up its own distribution network in the U.S. but this will take some time.

The arrangement to sell the trucks in Britain seems to be GM's way of softening the blow to Isuzu. It also seems likely that GM will distribute and sell the pick-ups through the Vauxhall outlets (Vauxhall being Bedford's parent company) in Finland and Denmark.

In the U.S., GM is not alone in using its Japanese associate to supply some of its commercial vehicle needs. Ford sells a pick-up called the Courier which is made by its 25 per cent-owned associate Toyo Kogyo and Chrysler has been putting a Dodge truck badge on a Mitsubishi 1-tonne pick-up called the Forte. Chrysler owns 15 per cent of Mitsubishi.

These relationships are somewhat historic. The Japanese these days do not need help to sell their commercial vehicles outside Japan. And it is widely believed that, following their success in world car markets, the Japanese are gearing up for an attack on the principal commercial vehicle markets.

Unsuitable

Much remains to be done though, as the Economist Intelligence Unit mentioned in its recent report on the Japanese commercial vehicle industry.

The Japanese road system is undeveloped when compared with, say, Western Europe, and lower average distances are covered, with the result that small- and medium-sized trucks are favoured — rather than the larger rigids and articulated units which are common in North America and Western Europe.

"This means that Japanese products traditionally have been unsuitable in the mainstream trucking markets of the West, but few observers doubt the inherent capability and inventiveness of the manufacturers there to pursue that line of product development," says the EIU.

"Moreover, the Japanese manufacturers have made tremendous headway in the higher weight commercial vehicle categories, thereby amply demonstrating their ability to take on the established producers in their own markets."

The EIU export forecast for the Japanese commercial vehicle industry does not suggest any really dramatic developments. It suggests exports of light vans (width below 1.4 metres, height below 2 metres, length below 3.2 metres and engine below 500cc will move up from 70,000 this year to 80,000 next.

Exports of small trucks (width between 1.4 and 1.7 metres, height below 2 metres, length between 3.2 and 4.7 metres and engine between 550cc and 2,000cc, other than diesel-powered units) could go up from 1.2m to 1.4m.

And exports of ordinary trucks (all measurements above the top level for the small trucks) are forecast to rise from 400,000 to 440,000.

Assistance

As might be expected, because of the assistance given by domestic manufacturers in North America, the U.S. has been the Japanese commercial vehicle industry's best market, taking 484,000 units in 1978, followed by Saudi Arabia (136,400), Indonesia (100,500), and Australia (72,000).

The question is: As the U.S. market becomes more difficult for the Japanese (the tariff was recently raised on the light trucks imported in semi-knocked-down form) will they spend more time tackling Europe?

The Japanese are not doing too badly already. In the part of the commercial vehicle market that they have attacked most strongly so far—vehicles up to 3.5 tonnes gross weight but excluding car-derived vans — they captured 8.8 per cent of total unit sales in Europe last year and 10.2 per cent in the first five months of 1980.

Japanese products are on sale in 15 European markets and in nine of them have a really significant share. Again, in the volume end of the business — up to 3.5 tonnes — they took 17 per cent of the UK market in 1979, 20.6 per cent in Belgium, 22.3 per cent in Denmark, 32.4 per cent in Finland, 37.9 per cent in Ireland, 19.8 per cent in Portugal, 21.3 per cent in Norway, 16.4 per cent in Sweden and 18.8 per cent in Switzerland.

Testing

At the heavy end of the market Hino has been testing the European waters via assembly operations in Ireland (which it does not own) and Portugal. As a result the Japanese share of the above-3.5 tonnes market last year reached 21.6 per cent in Ireland and 41.5 per cent in Portugal.

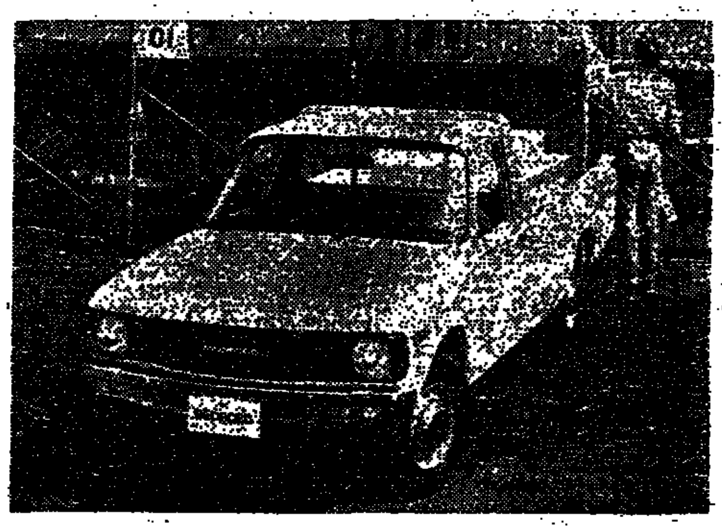
Hino has now started assembling in Belgium, another "neutral" country as far as the motor industry is concerned in that it has no major manufacturer of its own.

If — or should it be when — Toyota decides to move assembly of light commercials to Europe it will probably locate its base in Spain.

Its major rival Nissan (the Datsun group) has signalled its intention to use a Spanish base with the agreement to buy a 37 per cent shareholding in Motor Iberica — in volume terms Spain's largest producer of commercials — from the Massey Ferguson group. If all goes according to plan, there is little doubt that Nissan will end with control of Iberica.

The Japanese impact in Europe's commercial vehicle markets — particularly at the lighter end — could grow significantly. But, as with the car markets, in the end the political problems involved will be the main constraint on the Japanese attack.

Kenneth Gooding



The Bedford KB 25 pick-up truck, which is made in Japan by Isuzu

Temporary fall in diesel share

FOR THE first time since the oil crisis of 1973-74 the diesel engine's share of production in commercial vehicles below four tons gross vehicle weight (gvw) in the principal European producing countries fell back last year. The only country to buck the trend, and so help to cushion the drop, was West Germany.

In the UK, France and Italy the diesel engine lost ground. Taking the four markets as a whole, the diesel percentage declined from 25.6 to 23.6 per cent, even though Germany pushed its diesel share up from 25.8 to 32 per cent. This is the first time since the oil crisis that the main European producers together have failed to increase the diesel's share of the overall market for the below 4 tons gvw vehicles.

The otherwise steady expansion in diesel-powered vehicles has been marked by a more than doubling of penetration since 1973. Then it was 13.7 per cent and there has since been an improvement by 2 or 3 per cent a year, with 1975 showing a near 4 per cent increase over the previous year.

This includes some setbacks in individual countries, quickly recovered until last year. Thus in France a big 5 per cent gain in 1975 was followed by a dip the next year and a strong recovery over the following two years to a new high of 21.5 per cent in 1978.

A somewhat similar pattern has occurred in Italy, where a 5 per cent fall to under 25 per cent in 1976 was more than wiped out in 1977 with a massive 9 per cent gain, going on to a further near 7 per cent gain to push the figure to almost 41 per cent in 1978.

Progress

Germany is the only one of the four countries to have made consistent progress: its 12.1 per cent diesel share rising, though unevenly, to last year's 32 per cent.

In the UK, after the initial boost supplied by the oil crisis, which took a 1973 figure of 13.7 per cent to within a whisker of 21 per cent in 1975, and on to nearly 26 per cent in the next year, some kind of plateau seems to have been reached, with the percentage fluctuating around 25 per cent until 1978 when, in common with France and Italy, there was a fall back. For the UK it was 3 per cent.

It is impossible to say at this stage whether the 1978 break in market penetration presages a longer decline. The whole of the world motor industry is in the grip of recession with various sectors behaving extremely eratically. But when it is possible to take a retrospective look at this period it almost certainly will be found to be only a temporary damper on the continuing success of the diesel engine in winning sales from the petrol engine in the under 4-ton gvw sector.

A good deal will depend on the price relationship between petrol and derv. It may be significant that there has been price equality in Germany for many years and therefore it has been possible for potential customers to be confident that the benefits of going diesel will in fact accrue.

In France diesel fuel was FFr 6 (62p) a litre less than petrol in 1974. By 1979 the gap had widened to FFr 8. In the UK the relative price of diesel has fluctuated wildly. In 1975 it was cheaper by 8p a gallon but by 1978 it was 8p dearer than petrol. Currently it is again about the same.

Such movements in prices can materially affect the market, and nowhere is this better shown than in Italy.

It also shows the impact political decisions can have on the market. The price of diesel in Italy has consistently been well below that of petrol—only half the cost in the early 1970s, under half the cost by 1975 and down to one-third by 1977.

A L5 increase in the price of derv in 1973 to L80 while the price of petrol stayed at L152, apparently persuaded vehicle makers to drop diesel output by 6 per cent to 18.4 per cent. But when, next year petrol moved to L247 and diesel to only L135, diesel production shot ahead by 10 per cent to nearly 29 per cent, and in 1978 to nearly 41 per cent, before reacting the following year to 37.6 per cent after diesel had increased by L31 a litre while petrol went up only by L5.

While movements like these help to identify the reasons for changes in the market, there are several other factors that determine whether a petrol or diesel-engined vehicle is the better buy. The one most usually quoted is mileage. If, for example, vehicle mileage is pushing towards 30,000 annually it may well be that the extra cost of around £600 for a diesel engine will be more than paid for, and that even if derv costs a little more than petrol the extra efficiency and fuel economy of the diesel engine will likewise make it worth while running.

Whether the choice is petrol or diesel will often depend on the duties the vehicle must perform, round-town delivery or long-distance motorway work, for example. It is also likely to depend on the type of vehicle. A diesel engine begins to pay its way early on if the frontal area of the vehicle is large, as on a box van, for example.

With garage costs still going up, the lower maintenance requirements of a diesel could help to sway a decision. So also could the avoidance of the much stricter regulations relating to the storage of petrol by operating an all-diesel fleet.

These are some of the more marginal considerations in the petrol/diesel argument that are helping or hindering the spread of diesels in a volume sector of the market that so far has remained largely loyal to the petrol engine. This is the van-derived end of the car industry, or panel van market, where diesel engines are offered only as an option.

This is a big and growing slice of the overall market. After sliding downhill in the wake of the oil crisis, there has been a steady improvement in UK production, which last year reached a new peak of 117,500. Generally speaking less than a handful of percentage points covers the diesel content. Ford, which makes the highest proportion of diesels has seen its percentage halved from 12 per cent in 1975 to just under 6 per cent in 1979. Two to 3 per cent is more usual. On the Continent the figures are even smaller, with Peugeot registering 0.14 in 1979, Volkswagen 0.33 and Mercedes 2.3. This compares with 3.3 per cent for BL's Sherpa, 1.2 per cent for Dodge, and 2.7 per cent for the Bedford CF.

Breakthrough

The panel van sector of the market looks ripe for exploitation by diesels given that they have been so successfully "cleaned up" and quietened. At least one vehicle producer is planning to introduce "off the line" diesel versions instead of optional post-assembly facilities, and once the breakthrough has been made others wil inevitably follow.

At first sight it looks a great prospect for diesel engine builders such as Perkins Engines. But most are likely to view it with mixed feelings. The lower down the load-carrying range one gets the higher goes the vehicle volume. Initially a motor manufacturer may call in an independent engine maker to get the project off the ground, but once sales have steadied above breakeven point the motor manufacturer is likely to make the diesel in-house.

Thus Perkins used to supply Ford Transits with 15,000 engines a year until Ford made its own.

Peter Cartwright

COMPARISON OF FUEL PRICES: COMMERCIAL VEHICLES BELOW 4 TON GVW

	1975	1976	1977	1978	1979
FRANCE (Francs per litre)					
Price—petrol	1.7	1.8	2.1	2.5	2.7
diesel	1.1	1.3	1.4	1.6	1.9
Diesel share (%)	19.3	17.8	18.5	21.5	15.4
ITALY (Lire per litre)					
Price—petrol	287	385	480	480	485
diesel	141	163	150	155	186
Diesel share (%)	30.0	24.7	33.9	40.7	37.6
WEST GERMANY (DM per litre)					
Price—petrol	0.8	0.9	0.9	0.9	0.9
diesel	0.9	0.9	0.9	0.9	0.9
Diesel share (%)	13.0	20.0	21.1	25.8	32.0
UK (Pence per gallon)					
Price—petrol	52	71	83	76	120
diesel	44	69	86	84	120
Diesel share (%)	20.9	25.9	25.5	25.1	22.1
DIESEL SHARE (%)	19.2	20.4	22.6	25.6	23.6

Prices given for mid-year. Source: Lucas CAV.

Fuel economy heads list of savings

THE EFFORT which van and truck manufacturers are putting into improving the fuel economy of their vehicles is only part of a more general attempt to reduce running costs by a number of different methods.

At the lighter end of the van range, much of the improved economy achieved in the past two years has been the result of spin-off from the development of fuel-efficient cars. It is also the area in which some of the biggest savings can be made, since weight reductions are vital to significant fuel savings.

The small van market has for many years been dominated by the BL Minivan in terms of economy, which will be kept in production despite the imminent arrival of the Metro, and will also undergo changes soon to improve its specification.

In a similar category is the Ford Fiesta van which has a payload of 350kg and comes in two engine sizes, the 957 cc or the 1117 cc, and the former has the added advantage of using two-star petrol. Peformance in towns or cities is normally about 40 miles to the gallon on routine deliveries while in rural areas, say on a plumber's rounds, 45 to 50 mpg can be achieved.

Ford has been at the forefront of the move towards fuel economy and other measures to reduce running costs, but the company points out that while many big fleet operators used to buy the vehicles on fuel consumption alone, they are now looking at the problem more broadly.

It is taking into account factors such as secondhand values, the cost of servicing and replacement of tyres and parts, and the overall cost of ownership. To encourage this approach, Ford operates what it calls Focas (Ford operating cost analysis system) which allows customers using its vehicles to get detailed information on their performance.

Customers must be prepared to provide detailed information to Ford on the operation of their vehicles, and for a nominal charge this is processed through a computer, providing a wide range of relevant information such as operating costs per mile and so on. With fuel normally accounting for between one-fifth and a quarter of operating costs, other economy measures are certainly as important.

Ford believes that such detailed information, in the hands of a company executive responsible for transport, puts him in a strong position when having to argue the case for replacement of vehicles or any new measures regarding their operation.

From the manufacturers' point of view it is generally cheaper and easier to go for running-cost improvements, rather than expensive new engine design, but Ford and other companies nevertheless have been actively working on engines to improve performance.

On the Transit range, the economies of diesel engines and overdrive have proved an advantage, but the company appears to be relying largely on improved aerodynamics on its replacement Escort van which is due out later this year after the car version is launched in October. Its D Series six-tonne truck is also due for replacement early next year, with a strong emphasis on lower running costs.

Wind spoiler

On the present version of this vehicle Ford offers an optional wind spoiler, which it believes will become standard on many vehicles before too long, since in certain weight ranges there is no doubt at all that fuel savings are significant. It is pointed out that if a company is spending £5,000 a year on fuel it is shortsighted not to spend perhaps £250 on a spoiler which will pay for itself very quickly.

However, much of Ford's effort in this direction will be concentrated in future on reducing forms of drag such as wind, tyres on the road surface, and overall mechanical resistance.

BL has been making similar attempts recently, with the introduction of overdrive to the Sherpa van which also benefited from the use of the relatively light O Series engine making it one of the most economical vehicles of its type in the UK. Although no tests have been carried out, the diesel-engined version is claimed to be well ahead in fuel economy compared with its competitors.

BL is also due to launch van versions of the restyled Marina, the Ital, under the names Morris 440 and Morris 575, which will have economy developments on the 1300 cc engine. The Post Office, a major customer of BL for light vans, will be one of the first organisations to take delivery of these new versions.

A considerable amount of BL's research on fuel saving is in the direction of higher-compression engines, but this may present problems for the car-derived van versions since many operators still insist on being able to use two-star petrol which they buy in bulk.

BL and others believe that while the price differential between the two grades remains so small, it is more cost-effective in terms of power derived to use four star, and the motor industry is increasingly keen to see an oil industry policy decision on this before too long.

It is also argued that certain importers of vehicles which use two-star are making a virtue out of a necessity, and that buyers seldom think through the economics of claims made in relation to the use of lower grade fuels.

Vauxhall has been offering a derated 1256 cc engine on its HA van which it is claimed reduces fuel consumption by up to 30 per cent but with consequent loss of power, while on the Chevanne various design changes to the engine have led to a 4 per cent fuel saving.

On the range of Bedford CF medium vans, which are either petrol or diesel powered, an economy programme is planned to achieve significant improvements.

Like BL, Lucas is carrying out research work on constantly-variable transmission systems, which by allowing engines to run at virtually constant speeds will produce far better economy. And, in conjunction with Warwick University, the two companies are jointly examining cylinder displacement. This involves the running of a six-cylinder engine or four cylinders when peak power is not necessary.

Lucas CAV is also carrying out work on advanced electrical controls for diesel engines, but its most important development in this area is power systems for electrically-operated vehicles. Altogether Lucas has 70 such vehicles on trial with fleet operators throughout the country and believes it is only a matter of time before they become commercially viable.

Primary trials have been carried out with Bedford vans, and other manufacturers are now showing interest. Preliminary figures show that these vehicles are achieving real costs of 5p a mile on typical urban journeys, compared with 9p a mile for conventionally-fuelled vehicles on the same routes.

Tests have been carried out mainly by electricity boards or users who have regular journeys covering around 50 miles, which is within the capacity of the vehicles. Lucas, like the Americans, also has been working on a power plant for a hybrid internal combustion/battery-powered vehicle, although this is a long-range project.

The most promising area for further fuel economy on internal combustion engines, Lucas believes, is the more efficient use of diesel fuel, which provides 25 per cent more energy value for volume than petrol.

Overall, van and truck operators are likely to have a number of options to choose from in the not too distant future if they wish to conserve fuel and, more important, keep down overall operating costs.

These options will depend to a large extent on the specific use of vehicles, since there will be penalties which accompany lower costs, such as reduced speed, power or—in the case of electric vehicles—range.

Lorne Barling

LOMBARD

Public interest in broadcasting

BY IAN DAVIDSON

FOR YEARS Britain has been famous for three things: our monarchical pageantry, our strikes and the BBC. The Queen Mother's 80th birthday celebrations showed that the ceremonalists can still knock spots off the crowd scene in Aida. The troubles at the Observer show that the unions can live up to a grand old tradition when they put their minds to it. But when the BBC starts to think that the right way to put its finances in order is to scrap a few of its orchestras, oh dear, what a falling off is there from the lofty principles that put the B into Broadcasting. (The cuts at the overseas service of the BBC are an equal cause for dismay, but there the fault lies with insular politicians who don't know that Bush House is the finest advertisement for Britain, and who couldn't care less.)

Vulgarisation

Following on the bastardisation of the Third Programme into Radio Three the decision to axe the orchestras seems to indicate such a degree of vulgarisation of the Corporation's priorities that some kind of structural reform is required before decadence becomes barbarism. Naturally, I am aware that the only structural reforms we are famous for, throughout the world, are those which make matters worse by a heroic margin, but here goes anyway.

Some people think that the troubles of the BBC arise from the fact that it tries to do too wide a variety of things for any one corporation to manage, from the Open University down (down?) to local radio, and that it should therefore be broken up into smaller component parts. Others think the problems stem from the BBC's obsessive concern with maximum audience size, in competition with ITV and local radio, which is bound to shift the balance of priorities in favour of the vulgarisers.

There may be something to be said for one or both of these perceptions. But if so, there is little or no chance of a reform from within, since the BBC is the only operative judge of its own priorities.

If the balance of those priorities is to be changed somebody else must change them. In a typically British piece of muddled thinking, the BBC governors have two internally contradictory functions: they represent the interests and standards of the broadcasters, but they are also meant to represent—or at least they used to be meant to represent—a rather impartial and detached view of the activities of the broadcasters, as it were something like the "public interests." Perhaps this dual role worked all right in the early days when the corporation was smaller and less oriented to the masses, but I wonder whether a man can really serve two masters.

The solution to the problem may be to take this second function, the representation of the public interest, and allocate it elsewhere, and I do not mean give it to the Home Office. That would be a catastrophe. No, why not give it to the Independent Broadcasting Authority (renamed the Broadcasting Authority), which already carries out an independent monitoring function for the rest of our domestic broadcasting. The BA wouldn't do very much; the IBA doesn't do very much now, and it doesn't have to: just by being there it has a steadying effect at the margin on some of the stuff that goes out on the airwaves. Perhaps the IBA should be more active in weeding out some of the worst programmes: but it cannot legitimately be more interventionist so long as the BBC is a law unto itself.

One merit of such a scheme, which should commend it to the BBC panjandrums, is that the politicians would then have more difficulty in treating the corporation like a political football in and out of season. If they almost never complain about the ITV companies, it is not because the companies are simply wonderful, but because the IBA is there as a buffer.

But the clincher is that a Broadcasting Authority straddling both the corporation and the companies would offer a chance, at last, of a rational approach to the BBC's income, taking account of governemnt revenue from the companies. And we could have an impartial public interest approach to the BBC's expenditure.

Where to find the film that you want

FILM AND VIDEO

BY JOHN CHITTOCK

AN IMPORTANT cultural change has been taking place since World War II, but one so esoteric and evolutionary that it has passed almost unnoticed. Films have now become available in such a variety and richness of subject matter that they are beginning to compete seriously with books as a source of extensive and specialised knowledge.

Statistics alone may fail to convey the importance of this development. Nevertheless, the most recent annual volume of the British National Film Catalogue (1978) lists over 350 UK film libraries, over 2,400 non-fiction titles released in the previous year, and over 300 production companies responsible for the films. All of this material is available "non-theatrically" — that is, for private and small group screenings — and only a small if increasing proportion was originated for broadcast television.

Anyone with access to a 16 mm projector may borrow these films, with certain qualifications (such as restricted loans for some medical films). Many are available free of charge: but in keeping with financial fashions, more titles these days carry some kind of rental fee. A minority, particularly on educational and training subjects, are also available for outright purchase.

Possession of a 16 mm projector is, however, unusual. There are probably not many more than 100,000 in the UK, although they can be hired from some large photographic retailers. Local schools and colleges usually have one and at a pinch the local film society (over 700 in Britain) might help. (The British Federation of Film Societies can provide addresses of these societies.)

The situation is changing more significantly with the widespread availability of videocassette machines—over 300,000 in the UK alone and increasing rapidly in number. Suddenly, in the past year to 18 months, most of the major 16 mm, film libraries have started to offer their material on videocassette as well as sprocketed film, opening up new possibilities of access and convenience for anyone with a filmic rather than literate thirst for knowledge.

One big problem still remains, however — finding the material which does indeed exist in abundance, albeit scattered between at least 350 film libraries. This is a filmographer's nightmare. The British National Film Catalogue helps a great deal, being the only publication of its kind in the world — listing all known titles that have become available in Britain the previous year. Published by the British Film Institute, it is a researcher's dream, with a number of indexes guiding the inquirer to subjects, titles, distributors, cameramen and producers.

But the BNFC is an annual compilation, not retrospective. The training manager looking for a film or videocassette on shoplifting or the biologist seeking one on cloning will be disappointed if nothing has been released on their subject in the previous year. The search is then transferred to a vast array of specialised catalogues, usually (but not invariably) peculiar to specific libraries.

Thus Europe's largest 16 mm distributor, Guild Sound and Vision, publishes no fewer than 25 separate catalogues of the material in its own 7,000-title library — and this selection excludes the special catalogues related to the group's overseas video entertainment service, a scheme for shipping monthly supplies of the latest broadcast television material to expatriate personnel on construction sites, oil rigs and similar isolated locations.

The main Guild catalogues includes a range of nine on commercial and industrial training subjects, for example, financial management, safety and security, and technical and skills training. A batch of five more cover different aspects of education, such as the arts, social studies and sport. Eleven more are devoted to different subject areas embraced by sponsored films (mostly available on free loan), and these range from domestic science to civil engineering and architecture. In the latter I found a description of one film which notes that "John Chittock, the director, has written a Betjemanesque commentary in verse, spoken by Hugh Burden." Fame lurks in every corner.

Commercial and industrial training has become one of the bigger subject areas for films and videocassettes, with consequential problems for the besotted training manager trying to find a particular title. Apart from Guild Sound and Vision, there are a number of other libraries specialising in training, each with their own extensive catalogues. They include Training Films International, Rank Aldis, Video Arts, Central Film Library, Millbank Films and Viscom.

Other specialist catalogues are also published independently of the film libraries, thus attempting to concentrate everything on one subject into one volume—regardless of the distributors. Some recent examples include films about the aged (published by Age Concern England), An Urban and Environmental Studies Film Guide (published by University of Manchester), Health and Safety Film Catalogue (listing 465 films and available from the Health and Safety Executive), and the Transport and Road Research Laboratory Film List.

A recent hardback book published by the Imperial War Museum covers, in scholarly fashion, war films—more specifically, as in the title of the book, British Official Films in the Second World War. This will be a timeless publication that fortunately cannot get out of date, unlike earlier hardbacks such as the British Institute of Management's Films for Managers.

Some libraries now put information on to Prestel, the Post Office television data service. Video Arts also notifies details on Prestel of their regional film previews (call up frame 4480100) through which tickets and reservations can be ordered directly.

It is a pity that so many of the distribution catalogues are, in editorial terms, badly organised. Many fail to make it quite clear when films are also available on videocassettes and if so on which formats and at what price (some libraries charge the same as for films, but others recognise the economies of video by applying about 20 per cent reduction).

There are some pleasant surprises tucked away in a few catalogues, such as the training directory from Rank Aldis which lists among the films available *Kama Sutra Rides Again*. Training? It is no misprint and, yes, it is about sex; it is, indeed, Bob Godfrey's delightfully funny cartoon romp—available with a few others listed under Entertainment. Its inclusion shows an understanding that every training course should offer a stimulus to keep awake.

With the spread of videocassette recorders, entertainment catalogues are now becoming a significant addition to this literature. At the last count I found over 36 UK distributors exclusive to the videocassette business; that is, nearly all of them serving the consumer market. Adult movies and poorly made sex films dominate the lists, but some of the material being offered does cover the arts, hobbies and better known feature films. The 20th Century-Fox subsidiary, Magnetic Video, is the biggest of these distributors and today is due to announce a deal regarding programmes for the Philips videodisc.

With films and video material now becoming as accessible as books, it is bad news for the already battered publishing industry — except for those few who have diversified into video, such as IPC in the UK and McGraw-Hill in the U.S.

Vienna Miss may surprise

RACING

BY DOMINIC WIGAN

THE SCOTTISH circuit continues today with another interesting programme at Ayr where the most valuable event on the card, the £6,000 Strathclyde Stakes, is, surprisingly, the second event of the afternoon.

Here Harry Thompson Jones sets punters a poser by saddling both Arndean and Vienna Miss. Although stable jockey Paul Cook has opted for the ultra-consistent Arndean, who was winning for the third time last time out following a highly creditable performance at Pontefract where he bustled up Spindrifter and Borisov, I intend taking a chance with the filly. Vienna Miss showed as much speed as any in the hands of Lester Piggott when disputing the lead for a long way in Royal Ascot's Queen Mary Stakes. In that event, too, Cook preferred another stablemate who, incidentally, finished further back.

James Bethell, whose in-form Whitsbury stable, could with a little luck better its total of 25 winners achieved three seasons ago, looks to have found the right opportunity for Dragonist. Bethell, formerly assistant trainer to Arthur Budgett, saddles this consistent juvenlie for the four-runner Alloway Stakes. I hope to see Draganist get back on the winning trail following a somewhat disappointing fourth placed effort at Salisbury.

Two other likely looking prospects on an afternoon which sees only 35 runners competing for the six events on Scotland's premier track are Hardinvest, among the runners for the Souter Johnie Handicap, and Lenygon, who can defy top weight in the Kirkoswald Stakes. Lenygon, a stablemate to Vienna Miss, has won his last two races and may have still further improvement in him.

AYR

2.30—Dragonist***
3.00—Vienna Miss**
3.30—Hardinvest
4.00—Big Bertie
4.30—Eliza de Rich
5.00—Lenygon

FOLKESTONE

1.45—Sitex
2.45—My Jem
3.15—Queen's Royale
3.45—Radigo*

TV/Radio

† Indicates programme in black and white.

BBC 1

6.45-7.55 am Open University (uhf only). 9.55 Noah and Nelly in Skylark. 10.00 Jackanory. 10.15 Tarzan, Lord of the Jungle. 10.35 Why Don't You? 1.30 pm Trumpton. 1.45 Midday News. 2.00 The Wonderful World of Disney. 2.45 Film: Song of Norway, starring Toralv Maurstad, Harry Secombe and Edward G. Robinson. 5.00 Olympic Grandstand.

5.40 Evening News.
5.50 Olympic Grandstand (continued).
7.30 Tuesday Film: "All Creatures Great and Small," starring Simon Ward.
9.00 Nine O'Clock News.
9.25 This Year's Blonde: Marilyn Monroe.
11.00 The Case of the Bermuda Triangle.
11.50-11.55 Weather / Regional News.

All Regional Programmes as BBC-1 except as follows:—

Cymru/Wales — 1.30-1.45 pm Heads and Tails. 7.30-7.35 Wales Today Bulletin. 7.35-7.50 Heddiw. 7.50-8.15 Gair I Gall. 8.15-9.00 The Wonderful World of Disney. 11.50 News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 11.50 News and Weather for Scotland.

Northern Ireland—11.50 pm News and Weather for Northern Ireland.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.15 pm Play School.
4.40 Hong Kong Phooey.
4.50 Newsround.
5.00 Ask Aspel.
5.25 Fred Basset.
†5.30 Happy Times and Jolly Moments.
5.50 Nationwide (with Regional variations).
6.15 Film: "Night Passage," starring James Stewart.
7.40 Mid-Evening News.
7.50 Dallas.
8.35 My Music: Quiz.
9.00 Spike Milligan in Q9.
9.30 The Enigma Files.
10.20 Olympic Swimmer: Sharron Davies.
10.45 Newsnight.

BBC-2 Wales only—5.00-5.30 pm Yr Awr Fach. 5.50-6.15 Wales Today.

BBC-2 Scotland only—5.50-6.15 pm Reporting Scotland.

BBC-2 Northern Ireland only—5.50-6.15 pm Scene Around Six.

BBC-2 England only—5.50-6.15 pm Look East (Norwich); Look Northwest (Manchester); Midlands Today (Birmingham); Nationwide (London and South East); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

LONDON

9.30 am Wilkie on Water. 10.00 A Big Country: Australia in December, 1848. 10.25 World Famous Fairy Tales: "Cinderella." 10.40 Young Ramsey. 11.30 Bailey's Bird. 11.55 The Animates. 12.00 pm Cockleshell Bay: "The House that Robin and Rosie Built." 12.10 Pipkins. 12.30 The Sullivans. 1.00 News at One. 1.20 Thames News with Robin Houston. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 General Hospital. 3.45 Tell Me Another. 4.15 Under the Same Sun. 4.45 Olympics '80.

6.00 ITN NEWS.
6.10 Olympics '80.
7.00 Thames News.
7.30 Reward.
9.00 ITV Playhouse: Chrissie Cotterill and Bob Mason in "Lindsey."
10.00 News at Ten.
10.30 Vodka Cola.
11.30 The New Avengers.
12.25 am Close: Cyril Luckham reads "Lord of the Evening."

All IBA regions as London except at the following times:

ANGLIA

7.00 pm About Anglia. 10.00 News followed by Anglia Late News. 11.40 Rush. 12.40 Christians in Action.

ATV

10.00 am The Story of Wine. 10.25 Morning Cinema: "Holiday Camp," with Jack Warner and Katharine Harrison. 12.30 pm Against the Wind. 1.20 ATV Newsdesk. 7.00 ATV Today. 11.40 ATV Newsdesk. 11.55 Police Surgeon.

BORDER

10.00 am Treasures in Store. 10.25 Redgauntlet. 10.50 Cooking with Tovey. 11.05 Tarzan. 11.55 Cartoons. 1.20 pm Border News. 7.00 Lookaround Tuesday. 10.00 News and Border weather. 11.40 Dan August. 12.35 am Border News.

CHANNEL

12.30 pm Against the Wind. 1.20 Channel Lunchtime News, What's On Where. 7.00 Channel Report. 7.30 The Incredible Hulk. 8.30 Al Oeming—Man of the North. 10.28 Channel Late News. 11.40 Kaz: A Fine Romance. 12.35 Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 10.00 Treasures in Store. 10.25 Redgauntlet. 10.50 Cooking with Tovey. 11.05 Tarzan. 12.30 pm Against the Wind. 1.20 North News. 7.00 North News and area weather. 7.15 Fanglace. 11.40 Reflections. 11.45 Streets of San Francisco. 12.40 am North Headlines.

GRANADA

10.00 am Heritage. 10.45 Cartoon Time. 11.00 Sesame Street. 12.30 pm Against the Wind. 1.20 Granada Reports. 4.15 The Undersea Adventures of Captain Nemo. 7.00 Granada Reports. 11.40 Fireside Theatre.

HTV

10.00 am Tuesday Morning Movie. 1.20 pm Report West Headlines. 7.00 Report West. 10.28 HTV News. 11.45 What's On Next?

HTV Cymru/Wales—As HTV West/HTV General Service except:—12.00-12.10 pm Ffalabalam. 1.20-1.25 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 7.00-7.15 Y Dydd. 7.15-7.30 Report Wales. 9.00-10.00 A Real Fire. 10.30-11.20 Bywyd. 11.20-11.50 World in Action. 11.50-12.20 What's On Next?

SCOTTISH

10.00 am And God Created Whales. 10.25 The Lost Islands. 10.50 Cooking With Tovey. 11.05 Young Ramsay. 11.55 The Bubblies. 7.00 pm Scotland Today News and High Summer Extra. 10.00 News, Scottish News Headlines. 11.30 Late Call. 11.35 Barney Miller.

SOUTHERN

10.00 am Battle Beneath the Earth. 11.25 Southerners: "Sam Loader." 11.25 Who Cares? 12.30 pm Against the Wind. 1.20 Southern News. 2.00 Houseparty. 2.25 The Clone Master. 7.00 Day by Day. 10.00 News followed by Southern News Extra. 11.30 Enterprise. 12.00 am Weather followed by A Woman For All Seasons.

TYNE TEES

9.20 am The Good Word followed by North East News. 10.00 The Mad Dog Gang Meets Rotten Fred and Ratsguts. †10.45 Morning Movie: "The Small Back Room." 1.20 pm North East News and Lookaround. 7.00 Northern Life. 10.30 North East News. 11.40 Kate Loves A Mystery. 12.30 am The Strength of the Hills.

ULSTER

10.00 am Treasures in Store. 10.25 Redgauntlet. 10.50 Cooking with Tovey. 11.05 Chopper Squad. 1.20 pm Lunchtime. 4.13 Ulster News Headlines. 4.45 Extraordinary. 7.00 Ulster Television News. 7.15 The White Line. 10.29 Ulster Weather. 11.40 Bedtime.

WESTWARD

10.00 am Survival. 10.25 Redgauntlet. 10.50 Sesame Street. 11.50 Cartoontime. 12.27 pm Gus Honeybun's Birthdays. 12.30 Against the Wind. 1.20 Westward News Headlines. 4.45 Extraordinary. 7.00 Westward Diary. 7.30 The Incredible Hulk. 8.30 Miss Westward 1980. 10.31 Westward Late News. 11.40 Kaz: A Fine Romance. 12.35 am Faith for Life. 12.45 West Country weather forecast.

YORKSHIRE

10.00 am I Am Fijian . . . 10.25 Comic Stories. 10.30 Cartoon Time. †10.45 Just For Fun. 11.55 The Bubblies. 1.20 pm Calendar News. 3.45 Calendar Tuesday. 4.45 Extraordinary. 7.00 Calendar (Emley Moor and Belmont editions). 11.40 Celebrity Concert.

(S) Stereophonic broadcast

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Peter Powell. 11.00 Simon Bates with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Andy Peebles. 4.31 Richard Skinner, including 5.30 Newsbeat. 7.00 Personal Call. 8.00 Jaye Cooper. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News. 5.03 Steve Jones (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin; 8.45 Pause for Thought: 9.03, 10.03 Sports Desk. 10.08 Jimmy Young (S) including 11.03, 12.03 Sports Desk. 12.08 Ray Moore (S) including 1.03, 1.45, 2.03, 2.45 Sports Desk. 3.03 Olympics 80 with John Dunn. Sporting action from Moscow, plus music, swimming and diving. 7.02 Much More Music (S) including 7.30 Sports Desk. 8.02 Hooray For Hollywood: 50 years of film musicals. 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.02 Windsor Davis Presents . . . The Multi-National Eisteddfod Show. 10.30 These Magical Movie Musicals: "My Fair Lady" starring Rex Harrison, Audrey Hepburn, Stanley Holloway and Wilfrid Hyde-White. 11.02 Olympic Sports Desk. 11.15 Brian Matthew with Round Midnight, including 12.00 Midnight Newsroom. 2.02-5.00 am You And The Night And The Music with Moira Stuart (S).

RADIO 3

‡Medium Wave only

7.00 am News. 7.05 Overture Concert: Suppe, Berlioz, Poulenc, Ravel (S). 8.00 News. 8.05 Morning Concert: Williamson, Grainger, Jacob, Delius (S). 9.00 News. 9.05 This Week's Composer: Sibelius (S). 10.00 Piano Recital: Piggott, Schumann, Scott (S). 10.45 Bach: Cello Suite (S). 11.15 Midday Concert part 1: Rossini, Pierne, Elgar (S). 12.05 Interval Reading. 12.15 Concert (part 2): Dvorak. 1.00 pm News. 1.05 Six Continents. 1.25 Salvatore Accardo: Violin and Piano recital (part 1): Schumann, Brahms (S). 2.15 Interval Reading. 2.25 Recital (part 2): Prokofiev, Ravel. 3.10 Images of Debussy (S). 3.55 Boris Tishchenko: Piano Concerto (S). 4.25 Jazz Today (S). 4.55 News. ‡Mainly for Pleasure with Jeremy Siepmann (S). 7.00 Songs by Vaughan Williams (S). 7.30 Concert (part 1) (S). 8.20 Radio 3 Short Story Competition. 8.40 Concert (part 2) (S). 9.45 The Church and Latin-Aremican Politics. 10.05 Brahms (S). 10.15 Song Recital: Sor, Schubert, Wolf (S). 11.00 News. 11.05-11.15 Matteo da Perugia (S).

VHF Only—Open University: 6.00-7.00 am—6.20-7.00 pm. For students in Radio Scotland and Radio Cymru areas only: 12.00 midnight-1.00 am.

RADIO 4

6.00 am News Briefing. 6.10 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 Medicine Now. 10.30 Daily Service (S). 10.45 Story Time: "The Moon in the Cloud." 11.00 News. 11.05 Thirty-Minute Theatre: "Round Trip" by John Farrimond. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.0 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 A Dance to the Music of Time. 4.10 Three Women Gardeners. 4.40 Announcements. 4.45 Short Story: "The Other Side of the Mersey." 5.00 PM. 5.50 Shipping forecast. 5.55 Weather. 6.00 The Six O'Clock News. 6.30 Detective. 7.00 News. 7.05 The Archers. 7.20 Trek Through Wales with Wynford Vaughan-Thomas. 8.05 On The Train to New Zealand. 8.20 Somebody Stole My Tune: plagiarism in popular music. 9.05 In Touch: Activities for the blind. 9.30 Kaleidoscope. 10.00 The World Tonight. 10.30 Origins: Mohenjodaro. 11.00 A Book at Bedtime: "Summer Lightning." 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 am News and weather. 12.15 Shipping forecast.

VHF—11.30 pm Open University.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

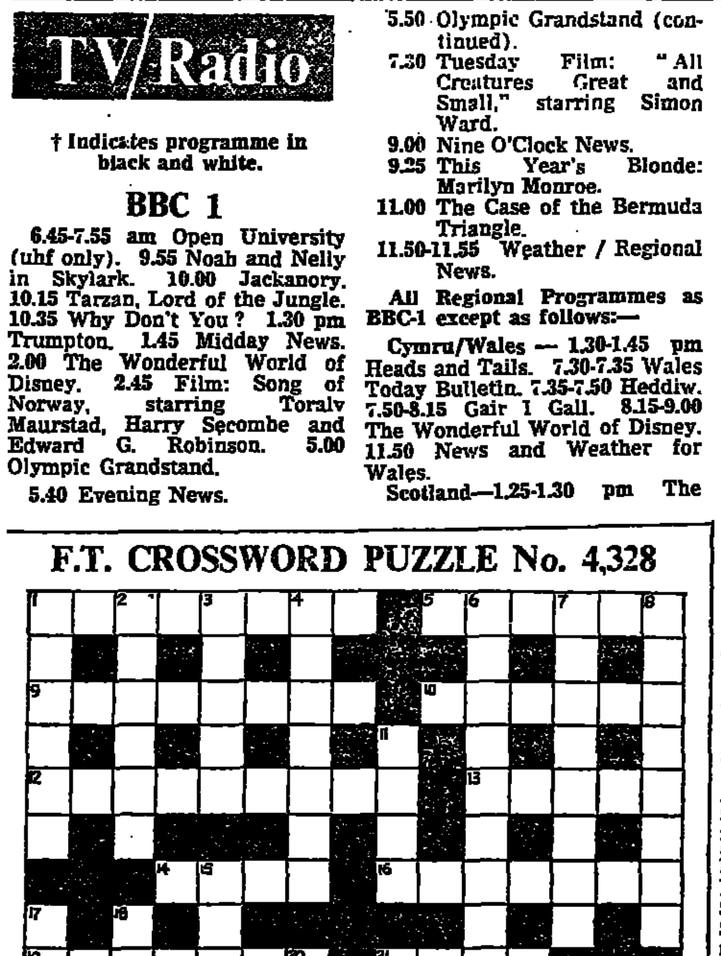
London Broadcasting

6.00 am AM: Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Mike Dickin—Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 1.00 pm London Today First Report (S). 1.10 Mike Allen (continued). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,328



ACROSS

1 Sticks for striking holder (5, 3)
5 First person to stay married in the same book (6)
9 Island 100 per cent concerned with resolution (8)
10 Girl's note to old Bob taken by messenger (6)
12 Pete sews a complicated set of bloomers (5, 4)
13 Beast crossing (5)
14 Stream or river off colour (4)
16 Point to person confusing horsy outfitter (7)
19 Tally clerk threatening king (7)
21 Sensitive to punishment (4)
24 Two score from which advantage can be gained (5)
25 Hat going the rounds on the farm (9)
27 Minds the baby models at home (4, 2)
28 Regular guy having a thorough clean-out (4, 4)
29 Fodder is first turned then left a long time (6)
30 Stop chap growing into a dare-devil (8)

DOWN

1 One is upset over doctor's article coming to flower (6)
2 Fond attachment to engine (6)
3 Hothead leads relative to favourite place (5)
4 Instruction to machine minder could be a bore (3, 4)
6 Wind sound arrived (7; 2)
7 Muscle developer stupid girl heard (4-4)
8 Fail to put motorway mark on railway (8)
11 2 is a river (4)
15 Consistent job for mine host we hear (2, 7)
17 A crime squad turning up like this is noted for sourness (8)
18 Genuine target within case for the other side (8)
20 It means to run in the family (4)
21 In favour of king determined to pay (4, 3)
22 Soldiers arrange to improve (6)
23 Photograph Pole with part of printing press (6)
26 God of the day was initially done differently (5)

Solution to Puzzle No. 4,327

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HIGHLIFE MOSAIC
O A O I   V N O
AIRSCREW SEXTON
X I U L   R I V
EASTSIDE USABLE
R H T S S E O R
    SPOTTEDDOG
S F S O A R Y E
ALLTHERAGE
L A O T E A G S
ANTHEM ACIDDROP
D E L   O J I O
OPENER WAGONLIT
I E S   C I L T
LATEST CHANCERY
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ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards. S. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Season opens July 31 ...

THEATRES

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in RODGERS & HAMMERSTEIN'S THE KING AND I. ...

WYNDHAM'S. Air cond. S. 01-836 3028. CC bkg. 379 6565. Evgs. 8.00. Fri. and Sat. 6.0 and 8.40 Dario Fo's farce ACCIDENTAL DEATH OF AN ANARCHIST. ...

COMEDY THEATRE. CC. 930 2578. Mon.-Sat. 9.00. Mat. Fri. and Sat. 6.30. THE ROCKY HORROR SHOW. Group sales Box Office 01-379 6061. Last 8 WEEKS. MUST END SEPT. 13.

CRITERION. 930 3216. CC. 379 6565. Group bkgs. 379 6061 or 836 3962. Eves. 8. Fri. and Sat. 6 & 8.45. Air-conditioning. Robin Ray, Jonathan Adams, Martin Connor, Tricia George in TOMFOOLERY, the words and music and lyrics of TOM LEHRER.

DUCHESS TH. CC. 01-836 8243. Grp sales 379 6061. Evs. 8.00. Sat. 5.30 and 8.30. Thurs. Mats. 3.00. MARIA AITKEN. MICHAEL JAYSTON in Noel Coward's PRIVATE LIVES.

DUKE OF YORK'S. CC. 836 5122. GLENDA JACKSON ROSE. A new play by Andrew Davies. Eves. 8.00. Mat. Wed. 3.00. Sat. 5.00. Must End Aug. 30th. Over 150 totally sold out performances. Seats available for today at Theatre.

FORTUNE. S. CC. 01-836 2238. Eves 7.30. Wed. 2.30. Sat. 4.00 and 8.00. JAMES AUBREY and PATRICK MAGEE in Marlowe's Masterpiece DR. FAUSTUS. Now over 100 Performances.

GARRICK. CC 01-836 4601. Evgs. 8.00 (sharp). Fri. and Sat. 5.30 and 8.30. Ira Levin's DEATHTRAP.

GLOBE THEATRE. S. CC. 01-437 1592. Group sales 379 6061. Eves. 8. Mat. Wed. 3. Sats. 5 and 8.15. Beryl Reid, Barry Foster, Peter Bowles, Jan Waters in a new play by Peter Nichols BORN IN THE GARDENS.

HAYMARKET. Theatre Royal EC. 01-930 9832. Eves. 7.45. Wed. 2.30. Sat 4.30 and 8.00. LEONARD ROSSITER, PRUNELLA SCALES in MICHAEL FRAYN'S MAKE AND BREAK. Directed by MICHAEL BLAKEMORE.

HER MAJESTY'S. CC. S. 01-930 6606. Keith Michell, Julia McKenzie, Mark Wynter, Ann Beach in the Award-winning Broadway Musical ON THE 20th CENTURY. Eves. 8.00. Matinees Weds. 3.00. Sat. 4.00. Over 100 Performances and now booking until Christmas. Instant credit card bookings 930 6606.

LAMDA THEATRE. Logan Place, W8. 01-373 9883. Tonight at 8.0 KINCORTH WAITS. Renaissance Music in costume.

LYRIC HAMMERSMITH. CC 01-741 2311. THE BEGGAR'S OPERA by John Gay. Booking Now Open.

LYRIC THEATRE. CC. 01-437 3686. Grp. Sales 379 6061. Evgs. 8.00. Weds. 3.00. Sats. 5.00 and 8.00. RODNEY BEWES, FRANCIS MATTHEWS in MIDDLE AGE SPREAD. COMEDY OF THE YEAR. WEST END THEATRE AWARDS.

NATIONAL THEATRE. S. 928 2252. OLIVIER (open stage): Ton't 7.30, Tomor 2.45 (low price mat) & 7.30 SISTERLY FEELINGS new comedy by Alan Ayckbourn. (Ton't Dorcas-Canvas. Tomor mat "chance" perf, eve Dorcas-Races). LYTTELTON (proscenium stage): Tont 7.45 THE BROWNING VERSION-HARLEQUINADE double-bill by Rattigan. Tomor 7.45 THE ELEPHANT MAN. COTTESLOE (small auditorium—all tkts £3. Student standby £1.20): Tont. Tomor 8.00 The Market Theatre of Johannesburgh presents Athol Fugard's A LESSON FROM ALOES. Excellent cheap seats from 10 am day of perf all 3 theatres. Car park. Restaurant 928 2033. Credit card bkgs 928 3052.

OLD VIC. (S) 928 7616. CC 261 1821. ENGLISH BACH FESTIVAL Ton't. Thu & Sat 7.30 Nais Tomor & Fri 7.30 Divertissement.

OPEN AIR REGENT'S PARK. CC. S. 486 2431. A MIDSUMMER NIGHT'S DREAM today, Wed. MUCH ADO ABOUT NOTHING Thur., Fri., Sat. Evgs. 7.45. Mats Wed., Thur., Sat., 2.30. THE AMAZING P. T. BARNUM lunchtime today 1.15.

PALACE. S. CC. 01-437 6834. Mon.-Thurs. 8.00. Fri., Sat. 6.00 and 8.40. JESUS CHRIST SUPERSTAR. LAST 5 WEEKS.

PALACE. S. CC. 01-437 6834. From Sept. 17 RODGERS & HAMMERSTEIN'S OKLAHOMA!

CINEMAS

ART GALLERIES

THE ARTS

Nancy Henninger

Spoleto Festival

Lady Macbeth of Mzensk

by WILLIAM WEAVER

The Festival of Two Worlds, when it is at its best, produces a special kind of excitement, a compound of the pleasures derived from the always-lovely Umbrian town, from the effervescent presence of dozens of young artists, from the satisfaction of seeing and hearing works done with alert care and fresh approach. When it is below par, Spoleto, like any other festival, can produce routine performances and unrewarding evenings; but the red-letter events are memorable, and any Spoletino regular can give you a long list of them, stretching back to the inaugural Visconti-Schippers *Macbeth* of 23 years ago.

To this list the latest addition is the presentation of Shostakovich's *Lady Macbeth of the district of Mzensk* which opened the current festival. It is close to flawless, every element—visual and aural—contributing to the thrilling success. The set, to begin with: a large, but agile wooden construction, basically in two sections. One section comprises Katerina's bedroom, with an attic over it: the other is a broad barn. When one section is visible to the audience, the other can be discreetly transformed (thus the bedroom is turned into a police-station). Everything *is* constructed of raw wood, providing a simple, natural frame for the drama.

The designer, Liviu Ciulei, is also the producer. After an enviable career in the spoken theatre, Ciulei is making his opera début; but happily the occasion has not impelled him—as it sometimes does film-directors or other "prose" producers—to show off, to humiliate the music in the interest of self-aggrandisement.

On the contrary, Ciulei puts the music first. The impassioned story and each singer has received individual attention. The principals move naturally, credibly: the numerous small roles are sharply defined: and the chorus—the versatile, supremely musical Westminster Choir—provides, in turn, a horde of raucous peasants, sober wedding-guests, and oppressed Siberian prisoners.

One group, in the bitterly comic police-station scene, gives a hilarious imitation of the Keystone Kops. The costumes, by Miruna and Radu Boruzescu, are equally laudable: they really look like clothes, and the singers wear them as if these garments were a familiar part of their daily life.

As Katerina Ismailova, the Lady Macbeth of the title, Nancy Henninger makes a profound impression. Her big, generous voice proves admirably supple, expressive. If the volume is perhaps excessive at times, the very loudness seems in character. And for that matter, the whole performance is, so to speak, louder than life. Christian Badea, the conductor, drives his artists and his orchestra hard, but his vision of the work is convincing. It is, indeed, an unrelentless piece; and Badea's urgency certainly inspires the harrowing characterisations of Kari Nurmela as the domineering father-in-law, and of Jacque Trussel as the victim-husband.

The Spoleto Festival Orchestra, an ad hoc group made up largely of American students, plays with style and fire, both as ensemble and, when required, as individuals (the winds deserve special praise). Badea uses the original 1934 version of the opera, arguably superior to the somewhat tamed revision of 1958.

The Shostakovich opera is being given in the Teatro Nuovo. In the much smaller Teatro Caio Melisso the festival presents its other opera production: Cavalli's *L'Erismena*, staged by Filippo Sanjust (who also designed the costumes) and conducted by Alan Curtis. Last year the same Sanjust-Curtis team was responsible for a triumphant *L'incoronazione di Poppea*.

For some Italian critics, this year's *L'Erismena* was not on the same high level: but in general their objection was not to the producer and conductor but to Cavalli's work itself. Comparing Cavalli untavourably to Monteverdi is surely beside the point, and by the second performance it was clear that—heedless of the tepid reviews—the audience was, rightly, having a very good time.

And why not? Curtis's Complesso barocco plays with grace, style, and wit; and the select group of singers is of the highest quality. The cast is headed by the pretty and lithe Mary Burgess, a warrior-princess of confident mien and secure musicality. Daniela Mazzucato, as Aldimira, is an affecting slave-girl, sensual and volatile. Among the men, the counter-tenors Jeffrey Gall and Henri Ledroit, love-slaves themselves, offer an elegant vocal contrast with the heavier voices of the adroit baritone Ben Holt and the comic bass Mario Chiappi.

Occasionally Sanjust's staging allows — or encourages — excessive mugging (Chiappi is the most exaggerated), all wrong for the sly, gentle humour of the libretto. But, for the most part, this *L'Erismena* is as admirable as it is enjoyable, and it should prove a positive step forward in the Cavalli revival, in which Italy is lagging behind other countries.

Spoleto, of course, is not only opera. A second report will deal *with some non-operatic events.*

Hayward Gallery

Pictures from a Collection

by WILLIAM PACKER

The Arts Council of Great Britain is clearly, perhaps notoriously in some eyes, the *single most important patron* of the living arts in the country; but what is not quite such general knowledge is the form its practical support often takes in the case of the visual arts.

It is true that the awards, grants and bursaries it allows, many of them to sustain fringe and blatantly experimental activities, and given without conditions, attract attention with some regularity, and even questions in the Commons: and nothing would seem to excite the indignation, which is to say interest, of tabloid and early-evening television so much as the difficult, unusual, scandalously modern exhibition.

But though these more noticeable manifestations of public engagement and support do indeed make up, quite rightly, a large portion of the Council's active patronage (and long may that go on), the substance of it, not necessarily in terms of money, but rather of lasting importance, is achieved more quietly, continuously and directly.

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For the best, the most effective patronage that any artist can enjoy is that his work should be bought: which is exactly what the Council has been doing these 35 years past. It has bought widely, which is admirable, and above all it has bought early, taking many chances with public money, no doubt, but not irresponsibly, and the rewards prove to be *disproportionately high.*

On the one hand the encouragement thus given to a young artist might well be worth more to him than the subvention itself: on the other, as particular artists mature, so their careers may be followed *in the body of the collection*, major works acquired when first available.

The Council owns works by David Hockney, for example, which would be enormously expensive today, and the great Francis Bacon painting from his Van Gogh series of 1957, and picked up immediately, is one of the prizes of the entire collection.

But the collection as such, the most important agglomeration of post-War British Art outside the Tate, has *no home*, and therefore in a curious way has no entity. It is brought together only to be dispersed, individual items despatched on long loan to public buildings across the country, or rearranged in smaller temporary units for special exhibitions and even smaller tours.

If it exists at all, other than in the mind, it is in its catalogue that it does so: which invaluable document has only lately been published (£10) *and is already indispensible.*

The exhibition that now fills the Hayward Gallery, British Art, 1940-80 (until August 10), is therefore of real significance, the first major, coherent exposition and celebration of the collection itself, and the policies of four decades, which it thoroughly vindicates.

As a survey, however, it can only claim to cover the painting of its period adequately, augmenting it with a certain amount of graphic work: and *even here less work is shown* than was possible. If I have a criticism, it is that the niceties of the hang (and the show is hung beautifully) have triumphed over the real opportunity to get the work onto the wall. Good works, after all, may *well shine out in circumstances* that are far from ideal.

But what is shown is well chosen, making the tour of the galleries a refreshing and intriguing progress. The collection was devoted from the start to British Art, somewhat idiosyncratically defined, such being the prerogatives of the Scotch and the Welsh Councils, as for the most part work done in England by British artists, or the odd resident foreigner.

In particular it looked to *current activity*, but this was relaxed later to take in the whole of the 20th Century, which policy continues in rather desultory fashion, but not at the expense of contemporary responsibilities. Good things were picked up, however, before they grew too expensive, and the exhibition begins with a strong group that includes Gwen John, Sickert's fine Belgian Cocotte, a splendid Gilman nude, and from right on the cusp as it were, a surprisingly *strong portrait* by Bernard Meninsky of 1942, the year when the Council for the Encouragement of Music and the Arts first received funds for acquisitions.

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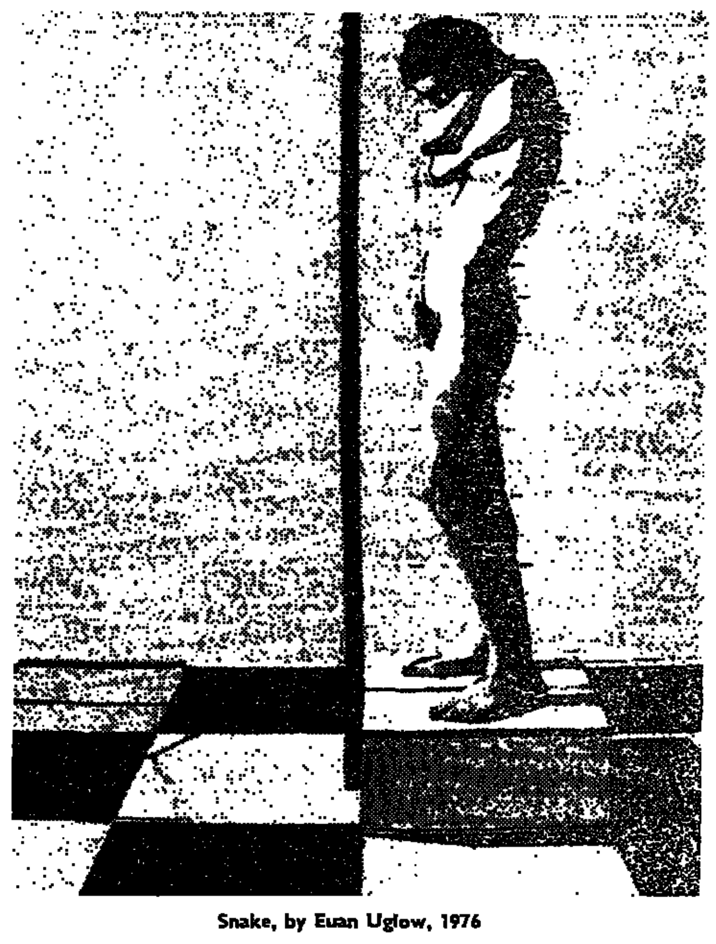
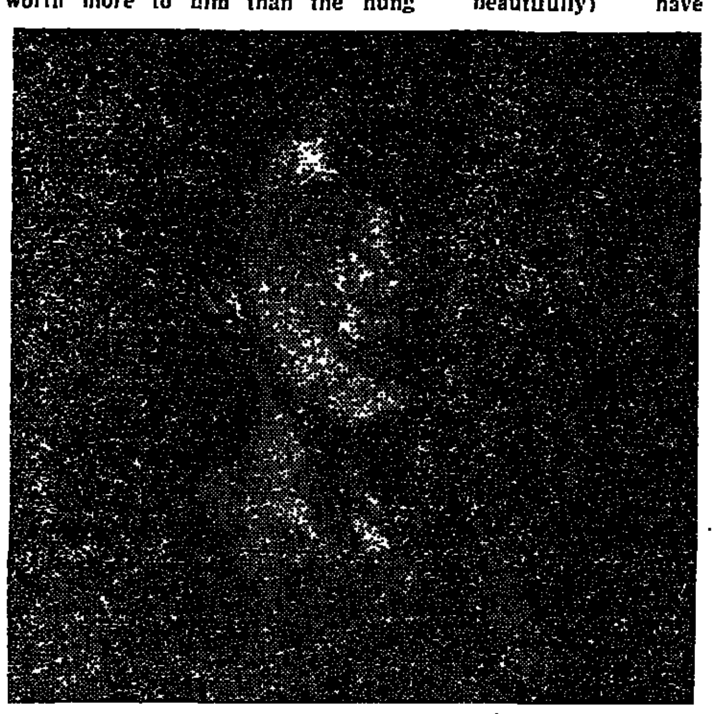
For the rest, pleasure and interest fall according to taste and inclination. It is good to see again a few of the kitchen-sink pictures of the 1950s, Jack Smith's table and grey interior, for example, and Edward Middleditch's baby. There is a *good run of figure paintings* and still-lifes by Euan Uglow, Anthony Fry and others; elsewhere are a particularly strong Kossoff building-site, some characteristic Auerbachs, and two beautiful abstracted references to industrial landscapes by Prunella Clough, side by side but a decade apart; and showing just how the collections points the individual reputation afresh, whether established or comparatively obscure.

The excellent paintings by Michael Andrews, three of them together and the four spanning some 13 years, make the same point. Having happened to pick out mostly figurative works, I would emphasise that the non-figurative are collectively quite as impressive.

A sprinkling of sculpture whets the appetite, but present limitations of space deny us the bulk, or even a representative slice of it. In the same way, the photographic collection, instituted comparatively recently, and the space-consuming installations and conceptual works, are given only token representation: but then there is no reason why further exhibitions of this kind should not follow at intervals to shift the emphasis.



Snake, by Euan Uglow, 1976



Head of a Woman (Belgian Cocotté), by Walter Sickert, 1906

Portrait of a Girl, by Bernard Meninsky, 1942

Joan Collins for West End

The Last of Mrs. Cheyney, part of this year's Chichester Festival, is transferring to the Cambridge Theatre in October 23, with Joan Collins retaining the role of Mrs. Cheyney and making her West End debut. Also appearing are Simon Williams, Elspeth March, Moira Fraser and James Villiers.

At Chichester this Frederick Lonsdale comedy broke all box-office records.

Town Hall, Manchester

Alexander's Feast

by ARTHUR JACOBS

Neither opera nor oratorio, *Alexander's Feast* is shorter and more tautly constructed than Handel's works in either of those genres. It is a ceremonial ode to honour St. Cecilia, composed on a famous text by Dryden (the original source of the proverb, "None but the brave deserves the fair"), to which the poet gave the sub-title "The Power of Music."

Handel's setting for soloists, chorus and orchestra was one of his most successful works in the eyes of his, and the following generation, and today's new interest in the baroque should ensure a welcome for it.

But not in Manchester. And as if to fulfill the dark rumours that no musical promotions can expect success there except those of the Hallé Orchestra, Sunday's performance received such poor advanced bookings that it had to be transferred from the Free Trade Hall to the much smaller auditorium in the Town Hall. Lacking refreshment *facilities, this is a cheer*less place for music, and is also over-resonant.

The Manchester International Festival, which must be looking in alarm to the state of its finances, made matters considerably worse by failing to provide the audience with a printed text. Handel's audiences would have expected such a minimal service, but of course they would not have got pages of photographs and advertisements in the programme instead.

Geraint Jones, director of the Festival, had the Manchester-based BBC Northern Singers and the Newcastle-based Northern Symphonia Orchestra at his disposal, and provided a fresh-sounding performance in which both a chamber-organ and a harpsichord were properly used.

As conductor, he favoured brisk speeds and a tight rein which left little chance for the solo singers to display skill in ornamenting or expanding their melodies. Some emphatic flourishes at the cadences at least, would have been welcome.

Two splendid young singers were heard undertaking the soprano and tenor parts for the first time. Only one year after leaving the Royal Academy of Music, Lesley Garrett is already embarked on what seems a most promising career. A full tune and agility throughout the range are radiantly projected, with a highly pleasing and communicative manner on the platform.

Some ends of phrases were untidy and Mr. Jones should have imposed on her—and indeed on the vocal and instrumental performance throughout—a firmer instruction on the use of the baroque shake and the appoggiatura. Adrian Thompson likewise impressed *with a flowing, forthright way* of tackling his arias, and his narrative passages, too.

The bass part found Thomas Hemsley, one of our most distinguished senior singers, below his expected form. He dodged some low notes in the famous *bravura* aria with trumpet, "Revenge, Timotheus cries," and failed to articulate its fast, running notes.

The conductor could have helped by keeping the remainder of the orchestra quieter. But Handel triumphed: the chorus which ends the first part ("The many rend the skies") came over with particular strength, truly demonstrating the "power of music" to the few that came to hear.

Arts news in brief

National Theatre productions of Lillian Hellman's play, *Watch on the Rhine*, and a newly-extended version of *The Passion*, are both to join the repertoire in September after visiting the *Edinburgh Festival.*

Watch on the Rhine, directed by Mike Ockrent, opens on September 16 in the Lyttelton Theatre. Peggy Ashcroft heads the cast.

Part One, the new addition to Bill Bryden's promenade production of *The Passion*, is to open in the Cottesloe Theatre on September 23; and Part Two on September 24. The two parts will then be given in repertoire

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Under the Arts Council's *scheme for subsidising record*ings of works by living British composers five new works have been taped for release in 1980 and 1981. The total subsidy for these projects amounted to approximately £50,000.

They are Harrison Birtwistle's opera *Punch and Judy*, on the Decca label, two works by David Blake to be issued by Argo, John Buller's setting of mediaeval Provencal poetry, *Proenca*, for Unicorn, and Edmund Rubbra's sixth symphony, recorded by Lyrita.

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Kent Opera have announced that their forthcoming production of Verdi's *Falstaff*, directed by Jonathan Miller, is to be sponsored by Sainsbury's, in association with the Sainsbury Family Trusts.

This will be the first Kent Opera production to receive major sponsorship and the first *opera production* to be sponsored by Sainsbury's.

Falstaff will be Jonathan Miller's sixth production for Kent Opera and opens the company's autumn season on October 29 at Tunbridge Wells. After Tunbridge Wells the production will tour in repertory with the Baroque double bill (Monteverdi's *Il Ballo delle Ingrate* and Blow's *Venus and Adonis*), and *The Magic Flute*, to Eastbourne, Bath, Southsea, Poole and Canterbury.

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After four years' closure and a £250,000 restoration, the New Victoria theatre in Wilton Road, next to Victoria Station, has been renamed the Apollo Victoria and is to become London's newest concert venue with a seating capacity of 2,600.

Shirley Bassey will appear in concert from September 15 for seven nights to be followed by Cliff Richard (from September 27). His three week season is already sold out.

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Buzby to face competitors

THERE WILL BE a hearty welcome from Britain's service industries for the Government's decision to inject competition into the telecommunications market, which is at present monopolised by the Post Office. The enthusiasm may be tempered only by regret that the changes will be introduced gradually over what looks like being a fairly long transition period, of at least three years. However, the Government is right to proceed fairly slowly, for while business telephone subscribers will certainly benefit from competition, their gains may come, to some extent, at the cost of British manufacturers and perhaps domestic telephone users. The Government's cautious approach should help to mitigate the possible damage.

The Government's general approach to industrial problems is governed by the principle that industries exist to serve the interests of consumers, rather than producers, and that competition is the best way to ensure that this theory is realised in practice. The many commercial telephone users who have been waiting months and sometimes years for the installation of exchanges, and the even greater number of potential users of sophisticated telecommunication services such as data retrieval and word transmission who have been frustrated by the long delays, equipment shortages, and limitations of choice created by the Post Office monopoly may soon enjoy better, faster and possibly cheaper services.

Availability

It will never be possible to determine whether the "creaming off" of some of the Post Office's most profitable present and potential activities increases costs for the private domestic consumers, whose low utilisation of telephone lines is unlikely to produce an adequate return on capital. However, even for domestic consumers, the increased availability of new types of telephones and of consumer electronics products based on the telephone system, should more than make up for the loss of part of the cross-subsidy which certain business uses now provide.

But great opportunities will be created for producers as well as consumers. While the experience of recent years suggests that suppliers of services to telephone users should thrive on the challenges which the competitive market creates, the prospects for British equipment manufacturers may be less inspiring.

The manufacturers' nervousness about facing a fully competitive market largely accounts for the phasing-in period of "about three years" and the continuing programme of strict licensing of all equipment. While popular and Government attention has naturally focused on the deficiencies of the Post Office's services under the monopoly, the soporific effects of a non-competitive market have also been felt by the British equipment suppliers. While there may be objectionable elements of protectionism in the Government's transition proposal, it is surely right to give the British manufacturers some time to gird themselves up for the new opportunities.

Dilemma

Even during and after the transition period, however, it seems quite probable that British manufacturers may be unable to compete in many of the markets which have now theoretically been opened. The domestic telephone of the future, for example, is likely to have much in common with other types of cheap consumer electronics products which, on the whole, British companies have failed to manufacture profitably.

Still more serious issues are likely to arise over the licensing of more sophisticated and expensive equipment, which British manufacturers can produce, but which, so far they have not been successful in marketing successfully in competition with other major multinational suppliers. Of the major manufacturing companies, only the U.S. has anything approaching an open telecommunications market. The British Government has taken heart from moves in Germany and the Netherlands to introduce more competition. But, for the foreseeable future, it seems unlikely that British companies will be serious contenders for European telephone orders. In trying to set a good example, especially to other EEC countries, the Government may find itself confronted with a difficult dilemma over trade policy.

Iran's shaky revolution

THE CONTINUING turmoil in Iran has badly shaken the clerical leadership, for all its bravado, but has not come as a great surprise. The armed forces have never truly reconciled themselves to the change of regime. According to President Bani-Sadr, there have now been seven coup attempts in the past four months, and there is no end in sight to purges and executions.

This time a plot long in preparation was scotched at the last moment, apparently by luck. On the basis of the few details to have emerged so far, the plotters stood a fair, though not a good, chance of succeeding in their goal of eliminating Ayatollah Khomeini and calling back the one man who could possibly weld a divided country together again, Dr. Shahpour Bakhtiar, the exiled former Prime Minister.

Calculations

A crucial element in the plotters' calculations, it seems, was their reliance on civilian support in Tehran; both active help from a small number of pro-Bakhtiar men and the anticipated refusal of the populace as a whole to oppose a surprise move against Khomeini. Public discontent has been growing steadily in recent months, in direct response to the worsening economic conditions and the fanaticism with which the Khomeini visionaries are imposing their style of life on Iran.

At the end of this year the condition of Iran may make Ayatollah Khomeini's hold on the country more tenuous. By then the economic squeeze now hitting Iran as a result of its own mismanagement and the refusal of the major Western oil companies to buy Iranian crude will have bitten deep. The Government's financial ability to stave off disaster in the shape of possibly 50 per cent urban unemployment and an acute shortage of important foodstuffs could be severely curtailed by a cash flow shortage. Empty stomachs and no work (or much reduced State wages) when combined with a harsh Islamic system spell potentially serious political trouble. President Bani-Sadr is undoubtedly aware of the dangers. He wants therefore to rid Iran of the burden of the hostages and the confrontation with the U.S. as soon as possible. His ability to engineer that outcome is much in doubt.

At the heart of the economic problems besetting this once highly prosperous country is its failure to sell enough oil to pay for its basic needs from abroad and finance a massively bloated public sector at home. In the short term the Iranian Central Bank could certainly throw caution to the winds and simply print far more rials, ignoring the traditional ratio of money supply to foreign exchange cover. But such a policy would undoubtedly accelerate a rate of inflation already running at unacceptably high levels.

In the second quarter of this year it was clear that Iran was running into serious financial difficulties. An emergency budget was promised, to try and bring revenue and expenditure into line. So far it has not seen the light of day, possibly because the planners have been waiting to the last possible moment to see whether the Oil Ministry can somehow land a major contract.

It appears that the results of Iran's oil negotiations have been relatively disappointing. Exports for the rest of 1980 are unlikely to be much above the record low level of approximately 800,000 barrels a day reached in the second quarter, while the Western majors plus the Japanese are still staying away.

Two things could transform this gloomy outlook. First, Iran could drop substantially its still high crude oil prices, thus calling the bluff of those who say that price considerations alone prevent the signing of contracts. Second, the hostages could be released on the order of Ayatollah Khomeini, following a favourable decision by the new Parliament.

Significant

Iranians, a conspiracy-minded people, are beginning to draw parallels between 1980 and 1953, when an organised boycott of Iranian oil forced Prime Minister Mossadegh to his knees. The continuing refusal of the West and Japan to arrange now to buy Iranian oil probably needed later in the year is a significant event, which will grow in importance as the months wear on and the Islamic revolutionaries fail to resolve their differences over the American hostages.

Poland on the tightrope . . .

BY ANTHONY ROBINSON

THE Polish Politburo's statement over the weekend that strikes in Lublin "could awaken concern among Poland's friends" must go down as one of the more notable understatements of recent times. The very last thing that the Soviet leadership wants during the Olympic Games is serious unrest in Eastern Europe and especially in Poland which at least three times since the war has lit the spark of revolt elsewhere in the bloc.

Poland with over 35m inhabitants, plus a further 10m emigres with political clout in the U.S. and other countries, is the largest of the Soviet Union's East European partners. It is the Soviet buffer zone par excellence and provides the essential communication with East Germany, the Soviet Union's "front line" with NATO. Lublin itself has a deep historic importance. It was Stalin's decision to form a pro-Soviet, Communist-led provisional Government in Lublin during the Red Army's victorious drive westward in 1944 which sowed the first seeds of allied mistrust of Soviet intentions which later crystalised into the Cold War.

Lublin itself is less than 60 miles from the Soviet frontier and the decision of striking railwaymen last week to block one of the principal railroutes leading into the Soviet Union must have set alarm bells ringing furiously inside the Kremlin as well as the ugly, monolithic central committee building in Warsaw.

In view of the Polish Government's unhappy experiences with attempts to raise meat prices in the past it would be surprising if the Soviet leadership has not already demanded an urgent explanation from the Polish leadership why it chose July 1, a mere three weeks before the opening of the Olympic Games, to introduce yet one more attempt to impose higher meat prices on an already grumbling Polish population.

But whatever the internal communications between the Soviet and Polish leaderships, the conclusion of both has clearly been the same; the situation must be defused. Unlike 1976, when the Government rescinded the price increases within 24 hours after strikes and demonstrations, the Government has decided to keep the meat increases in force.

However, to get striking workers in over 50 plants and factories throughout the country back to work it has been forced to make two significant concessions. The first was to increase pay by up to 15 per cent. The second, and in the long run the more significant, has been the promise not to victimise strike leaders and de facto recognition of the right to strike. In effect, this means recognition of the beginnings of a free trade union movement outside the officially recognised, party controlled channels.

The long-term economic and political consequences of these concessions are of great potential significance. In economic terms they signify once again that the Polish Government is being forced further along the path of mortgaging the future to ensure a short-term breathing space. The wage increases so far granted to strikes will add a further 4bn zloties (£60m) to the wages bill over the rest of this year in addition to the unplanned 10bn zloty increase in bonus and overtime payments already paid out. This will increase the inflationary pressures within the economy and thus the pressure on domestic resources at a time when Government economic strategy consisted of squeezing the domestic market to increase exports.

Higher exports, coupled with a squeeze on imports, are seen as the only way to restore equilibrium to the balance of payments by 1981 and then create the surplus which will be required to start paying back over $19bn of foreign debt. Poland also needs to keep the confidence of foreign bankers on whom it is relying for further funds to bolster its sagging economy.

Last year Poland registered its worst economic performance since the war with a 2.3 per cent drop in national income. This year economic growth and exports have recovered from the low point, but a repeat of last year's heavy flooding and a cold summer have again cast a pall over harvest prospects and will necessitate further large imports of grain and other food.

In economic terms the Government's determination to press on with its plans for higher meat prices and a more rational price structure generally make sound sense. Meat subsidies alone cost the State budget over $2.5bn last year and uneconomic prices for food, rents, public transport and other services have both distorted the economy and diverted funds for much-needed investments in the energy, transport and industrial infrastructure.

But the roots of the current labour unrest go far beyond the price of meat. The strikes are symbolic of a much deeper malaise. What is really at issue is the credibility of the party and its ability to solve Poland's problems without fundamental reforms which broaden its base and democratise its structure.

Ten years ago the new party secretary, Mr. Edward Gierek, was waiting in the wings to take over from Mr. Wladyslaw Gomulka who had lost the confidence of both Poland and the Soviet Union and who had failed to deliver the higher living standards he once promised.

Taking a leaf out of the Soviet book, Mr. Gierek grasped the possibilities opened up by the 1970 Peace Treaty with

The last thing Russia wants during the Olympics is trouble in East Europe

West Germany and the general policy of *détent* to embark upon a rapid industrialisation and modernisation policy based largely on heavy foreign borrowing and the import of Western plant and technology. Economic growth rose rapidly and living standards even more sharply for five years until the effect of the world-wide energy price rise and the growing burden of debt started clouding the picture. Since then growing evidence of bad planning, administrative bungling and other shortcomings have emerged.

Long delays developed in commissioning expensive, foreign funded investment projects and these problems were exacerbated by growing bottlenecks in key areas like transport, energy and skilled labour. A succession of bad harvests, and continuing distrust of the Communist Government by the millions of peasant farmers, who hold over 75 per cent of the land, caused further strains on food supplies and led to massive grain imports which further increased foreign indebtedness.

It is against this background that the Government is trying to persuade Poles to accept the reality of lower living standards, higher prices and general belt-tightening for the foreseeable future. But—as the refusal to accept higher meat prices demonstrates—Poles feel bitter about what they see as broken promises of a better life and they seem unwilling to accept sacrifices for the party and government which led them into this situation.

It is at this point that the wider implications of the current conciliatory policy appear. The de facto acceptance of non-party controlled negotiating bodies created by the workers themselves add a new dimension to Poland's already pluralistic society.

Poland became a Communist country in the wake of the Red Army advance. Stalin's contemptuous dismissal of the wartime emigre government in London and the virtual destruction of the Home Army during the Warsaw uprising when Soviet troops remained on the other side of the Vistula as the Nazis crushed the revolt. But culturally, socially and, above all, in religion terms, Poland has always been essentially a Western-orientated country. It has Western values and socio-political ideas. Ironically, one of the most lasting achievements of the Communist regime —by abolishing the large estates and turning land over to the peasants—was to create the nearest thing to a medieval peasant strip-farming system in the heart of 20th century Europe. The fact that 75 per cent of the land is farmed by small peasant farmers not only left post-war Poland with an archaic agriculture but it also consolidated the power and influence of the church.

These factors have ensured that Poland has remained largely immune to the strenuous effort to create a Soviet style totalitarian system in the country. Poland was and remains a pluralistic society with economic, social and cultural forces whose interests any government, Communist or otherwise, has to take into account.

The Communist Party hoped that development of industry and flattery of the industrial working class as the Leninist avant garde would erode these forces and lead to the establishment of a Communist society. In fact the opposite has happened and it is the working class which is now organising itself outside the party channels. In doing so it is being helped by the most broadly based and effective "dissident" movement in Eastern Europe.

The most important group is the Workers' Self-defence League (KOR) set up after the 1976 food riots to defend workers jailed and harassed by the regime. Many of its leaders, like Jacek Kuron, are of Marxist conviction, but firm believers in workers' democracy and opposed to what they see as the bureaucratic-police state structure of the present regime.

Slowly but surely all these independent forces have been growing in strength and influence in Poland. They have found articulate expression in Poland's intellectuals.

What runs through all these movements like a common thread is the demand for Poland and its leaders to be honest about the past and about the future prospects of Poland.

If Poland were a free agent there is little doubt that Polish society would grow increasingly further from the Soviet pattern which sits so uneasily on Polish soil. Throughout their history Poles have oscillated between periods of romantic idealism and enforced realism. They have paid a terrible price for their romanticism in the past, and are deeply aware of it.

For over 35 years they have realistically accepted the constraints implicit in their proximity to the Soviet Union, a proximity which has been made more tangible in recent years through growing economic links and dependence on Soviet oil, raw materials and, on occasions, financial support.

The Soviet Union remains the main conditioning factor in Poland's life, even though Poland is now largely reconciled with West Germany, has close economic and financial ties with the West and basks in the reflected splendour of a Polish Pope in Rome. In these circumstances the problems facing the Polish regime and the Polish people is far more than the price of meat. What Poland is facing is the need to create the kind of society which suits it without at the same time setting off shock waves through Eastern Europe and the Soviet Union itself which would provoke the Soviet Union into the sort of direct intervention in Polish affairs from which it has carefully refrained for 35 years.

. . . and a report from the front line

BY CHRISTOPHER BOBINSKI in Lublin

THE TRAINS are running again through Lublin and the authorities are clearly relieved that, for a few hundred zloties extra a month, they have managed to defuse a situation which has been causing grave concern not only in Warsaw but in the Soviet Union less than 60 miles down the line.

Lublin, a leafy provincial town of 300,000 people, which boasts the only Catholic university in Eastern Europe outside State control, has not hit the headlines since 1944 when, 36 years ago today, pro-Soviet Poles set up a Communist-led provisional government.

Last week, however, it attracted wide attention as railwaymen went on strike followed by bus and trolleybus drivers, the local bakeries and several engineering works. By abandoning trains on both the up and down tracks the strikers effectively blocked the railway lines for four days and persuaded their colleagues from Siedlece further up the line not to move in and break the strike as the authorities had requested.

No one in the town can really explain why the strikes spread so quickly—apart from pointing out that successful stoppages for higher pay at two large engineering factories earlier in the month had acted as a spur to the rest of the labour force.

Troops were drafted in to maintain essential food deliveries, aided by local management and party activists. Otherwise the authorities kept a low profile and pasted up large posters starting "Dear citizens, we appeal to you to keep calm and do everything in your power to get our town back to normal." But down at party headquarters, a featureless square building set in a small park, they were taking no chances. The party banned all parking in the area and kept traffic moving.

The strike committee set up its headquarters in a railway carriage parked in the Lublin marshalling yards and debated amongst themselves whether or not to talk to the foreign Press. Many of them are party members. Finally a tough-looking railwayman, about 45 years old, emerged and told waiting journalists: "Our demands have gone to the management and local authorities, and that's enough."

With plain clothes security men lingering amongst the crowd of uncomplaining passengers boarding buses at the station for points further up the line the word had gone out not to talk to strangers. The men at the railway yard gate even refused to admit a strike was taking place. "It's only a meeting," they said with a grin.

By Saturday evening the "meeting" had produced a wage settlement which, although only half the original demand, was considered successful enough to pave the way for increases elsewhere. By the weekend the local Lublin papers were describing how workers were determined to make up the production losses. Another item in the local paper confirmed that normality had returned. It said that at the Agromet agricultural machinery plant production was being held up, not by strikes but by delays in deliveries of components and raw materials.

MEN AND MATTERS

Savers' saviours go on crusade

The somewhat muffled drumbeat of a new consumer campaign sounded out yesterday in the Palace of Westminster. And there, sounding the charge, was Geoffrey Price, a partner with stockbroker James Capel, who proclaimed to a bemused audience: "The rape of the saver has got to stop."

Price has popped out of his City fastness for the launch of the Savers' Union, a most curious brotherhood devoted to lobbying for, educating and assisting savers. "An injustice has been done for many years to this country's savers," he accused, "and the scale of that injustice has massively increased in recent years."

Nodding their agreement sat several of his associates on the union's founding committee. An all-party pressure group, it includes Lord Lever, batting alone for Labour. Tory MPs John Page and Ralph Howell (described in the blurb as "a campaigner for common sense in Social Security matters) and past Liberal president Lord Banks ("an expert on Gilbert and Sullivan.").

The official version of the aims of the union—to "promote the concept of the saver as a most useful and admirable member of society"—has at least the merit of directness which is lacking when the group comes to explain precisely what it will do. It is, I am told, against higher interest rates, it will fight against comprehensive index-linking, and its founders agree (surprise) that inflation is the root of the problem. Beyond that, I am afraid, all is vague. Except for the matter of membership, which is open to all admirable members of society with the £3 subscription in their piggy banks.

Sinking feeling

Getting on for 70, the City's Mining Club is not the spry, venturesome young thing of its early days. Time was, says secretary Ronald Higgs, in the days when it was known as the Digger's Club, when members would return from prospecting in distant continents to weekly yarn-spinning meetings. Now the only social function is the annual cocktail party.

Mining membership has shrunk to about half the 500 total as the number of mining companies operated from London has dwindled, and "non-technical" members have moved in. But there are still not enough, and their fund-raising efforts have fallen £16,000 short of the £25,000 needed for refurbishment. So the committee has had to resort to passing the hat round the leading mining firms and the five joint stock banks.

Still, the situation does not appear desperate. Whatever its financial straits, the club has not yet thrown caution to the winds and invited women to join. "I suppose we are chauvinistic," says Higgs. "The matter has been brought up from time to time but we have got round it by saying we haven't the right facilities.

Smoke signals

Thailand, like much of the rest of Asia, is "Marlboro country." So when tobacco workers went on strike in January it seemed logical that the State monopoly should lay in reserves from abroad to feed the Thai's insatiable appetite for the weed.

Sadly, however, the strike lasted only 10 days and since the Government had stripped the Marlboro cartons of their cellophane for excise reasons, the strategic reserve quickly started to go stale. The net result, now sitting in the monopoly's warehouses, is a stockpile of 120,000 cartons of unwanted cigarettes worth $1.2m retail.

While Thais will generally pay a premium for smuggled foreign smokes, no one is interested in this batch: an attempt to auction the stock failed to raise a bid to cover the import price. But the Government may yet make good its losses and at the same time take revenge on its ungrateful consumers by shredding the Marlboro and incorporating the ageing tobacco in domestic brands.

Blue murder

The Conservative Party chanced on an uncommonly sensitive spot when it swung the axe last week. What the official line describes as a "streamlining operation" in the Central Office bureaucracy—merging the Community Affairs department with the organisation's main body—has been attacked from all sides.

Party chairman Lord Thorneycroft, for example, has been called to account by the 1922 Committee's executive, and all MPs are being lobbied by furious party workers who feel slighted by what one leader called "a mean and ungrateful hatchet job."

The Young Conservatives, the Federation of Conservative Students and the party's trade union activist group have all lost their national organisers in the shufflings which have so far made 11 staff redundant. Since these groups are numbered in certain corners of Central Office among the "leftists" of conservatism, there is some suggestion that "purge" might be a better description of the moves than "streamlining."

"They have cut out the workers and left the bureaucratic layer intact," said one angry young man. And if economy was the aim, he added, the redundancies were unlikely to save much. The national organiser of the YCs, for example, was paid little more than £5,000 a year. "If they want to economise why did they recently lease 60 new cars? Some went to people in Central Office who had not asked or did not need them.

For all the indignation, however, it is difficult to find any among the aggrieved willing to be openly antagonistic. They are, of course, almost wholly dependent on the party's paymaster for their activities. The Young Conservatives, for example, are in a particularly difficult position. Currently negotiating funding for their ambitious expansion plans for the next year, they are snarling menacingly but are hardly in a position to bite the hand that feeds.

Fair comment

Heard in the Savoy: "Richard understands Darwin's theories, of course, but he's damned sure they were never intended to apply to the British."

Observer

"I think it's another scheme to help the car industry?"

UK papermakers suffer on three fronts

هكذا من الأصل

BY WILLIAM HALL

YESTERDAY'S announcement of cut-backs at John Dickinson Stationery underlines the fact that the British paper and board industry is facing its worse crisis since the elimination of EFTA duties on Scandinavian imports into the UK in the late 1960s. Large parts of it are losing money and several companies are facing severe financial problems.

So far this year one paper mill a month has been closed and one paper machine, the basic unit of production, shut down on average every ten days. During the last 18 months there have been close to 4,000 redundancies, in an industry employing around 60,000, and Mr. Bill Keys of the Society of Graphical and Allied Trades (SOGAT) has warned that there could be another 10,000 redundancies before the current recession is over.

Over the past few months Unilever's Thames Board Mills has closed a substantial amount of its older board making capacity as has Imperial Group's St. Annes Board Mills. Wiggins Teape has announced the closure of its Fort William pulp mill and abandoned plans to build a newsprint mill. Meanwhile, several smaller mills have closed.

Reed and Bowater, Britain's two biggest paper makers, are both losing money on their UK newsprint operations and companies producing other commodity type grades of paper, such as test liner, a material used for making corrigated cases, and packaging board with a high domestic waste content, are under severe financial pressure. Their prices must be competitive with dollar based products while their costs are fixed in sterling and this has led to a severe squeeze on margins.

Roughly half the 7.5m tonnes of paper and board consumed in Britain each year now comes from abroad and the strength of sterling during the past year has seriously damaged the competitive position of the domestic industry. For exporting companies, the position is equally grim.

Mr. R. J. Wylie, joint managing director of Tullis Russell, one of the most successful and innovative firms in the industry, believes that most British companies are now losing money on their paper exports.

He cites the case of the German market — the third most important market for UK paper and board exports. "During the past six months the UK rate of price inflation has been 8 per cent higher than the rate in Germany, added to which sterling has appreciated by around a tenth with the result that British exporters, to this particular market, are some 18 per cent worse off."

Admittedly, the strength of sterling has benefited those sections of the industry which buy their raw materials from abroad and sell to a captive British market, such as Wiggins Teape's carbonless copy paper. Even so, events such as the long UK printing strike earlier this year have hit the domestic market badly—John Dickinson Stationery is the latest casualty.

Many publishers have gone abroad for their printing with a consequent loss of demand for British paper. Mr. Tom Corrigan, chairman of Inveresk, says "something like 50 per cent of all book printing in the UK has vanished overseas within the past year. These books will be published on foreign paper."

In addition to the problems caused by the high exchange rate and loss of printing business resulting from the National Graphical Association (NGA) strike, the British paper industry is also facing a sudden drop in demand. Plants which had been working at full capacity six months ago are now operating at as low as 75 per cent capacity. In a continuous process industry this is often below breakeven levels.

The paper and packaging industry is always one of the first to feel any recession and this time the effects have been more marked because of the high level of interest rates which has led to a substantial reduction in stocks over the past few months.

The current recession first hit the paper industry in the late spring. Mr. J. J. Benn, chief executive of Reed Paper and Board (UK) says: "Corrugated case production is currently running at 20 to 25 per cent below capacity" and according to Mr. Wylie, of Tullis Russell, demand for some paper products has fallen by up to 30 per cent over the past few months. Overall he thinks demand will be around 15 per cent down for the year when the destocking has finished.

While the drop in demand is not yet as marked as in 1975, when British consumption fell by a quarter in the space of a year, UK paper producers argue that the current recession is more serious.

Sterling has been appreciating, while during the earlier recession it had been depreciating, and by the end of 1975 was close to a fifth below the current exchange rate, and falling. In addition, interest rates were substantially lower the last time round—11 per cent against the current 16 per cent.

For these reasons the British paper industry does not feel it can carry on without some form of Government assistance. During the past 15 years 30,000 jobs have been lost in the industry and import penetration as a percentage of the total market has risen from 28 per cent to 49.6 per cent.

STRUCTURE OF THE BRITISH PAPER INDUSTRY

('000 tonnes per annum)

	Casemaking	Packaging papers	White papers	Total
Reed	265	270	50	740
Bowater	260	10	190	685
Thames Board	40	390		430
Wiggins Teape			285	285
Davidson Radcliffe	12	238		250
Dickinson Robinson		125	120	245
Imperial Group	131		34	164
Townsend Hook	110		35	145
Reed and Smith	87	35	22	144
Inveresk	25		111	136
Total UK	1,120	1,694	1,363	4,942

Source: Laing & Cruikshank's Paper and Packaging Directory 1980/81

The continued decline of the UK paper industry appears inevitable unless it receives some form of assistance. With very few exceptions, British papermakers are not investing anywhere near as much as their Continental rivals and even when they are, there must be considerable doubt about the current viability of the projects.

Thames Board's £83m expansion of its Workington mill, is a case in point. Once completed next year, its output of 150,000 tonnes per annum of high quality duplex board will be aimed at a part of the UK market primarily supplied by imports.

When the project was announced in late 1977 sterling was down at $1.70. The exchange rate is now some 40 per cent higher, which must throw into doubt most of the assumptions on which the project was based and financed.

At least Thames Board, as part of the giant Unilever group, can afford to ride out a few lean years. The same goes for some other British producers such as Reed, Bowater and St. Annes (part of the Imperial Group). However, other companies are less fortunate: some such as Inveresk and Cutler Guard Bridge have already cut their dividends. Another, Brittains, the Staffordshire based fine paper markets, has had to call in the receiver and others are likely to have to do the same.

Yesterday a posse of paper makers led by the British Paper and Board Industry Federation (BPBIF) took their problems to Sir Keith Joseph, the Secretary of State for Industry.

Their message was simple. They stressed: "Large sectors of the industry are no longer viable for reasons completely beyond its control," and without Government action the rate of mill closure and redundancies would accelerate.

Th papermakers want help in three areas. Lower interest rates, a reduction in energy costs and temporary import controls. Of the three, the last two are far and away the most important.

On the energy front, Britain's papermakers feel that they work under a particularly serious disadvantage by comparison with their rivals. According to Mr. J. J. Benn of Reed this is the single biggest problam facing the industry

The paper industry is the sixth largest energy consumer in the UK. Since 1974 the cost of the energy content per tonne of paper produced has more than doubled to 15 per cent of the total, and papermakers are forever citing examples of how much more they have to pay for energy than their overseas rivals.

Fuel oil provides 39 per cent of the 1bn therms of energy consumed annually by the British paper industry. According to the BPBIF, UK papermakers pay 11p per litre of heavy fuel oil, compared with 8.2p in Sweden, 7p in France, 4.6p in America and 3.8p in Canada.

A quarter of the paper industry's energy comes from coal, (and there is little prospect of increasing this share in the short term) and while West German and French papermakers pay more for their coal than British papermakers, the latter still pay roughly twice as much as the Dutch and three times as much as the Americans.

Gas is equally important for UK producers and here again British papermakers appear to be saddled with a major cost disadvantage compared with their major competitors. Large-scale users in the UK pay 23.6p per therm compared with 15.2p in France, 12.1p in the U.S. and 7.2p in Canada. In addition, most other countries get discounts of up to a fifth for bulk purchases. British papermakers, in contrast, get a half per cent discount.

Apart from wanting Government assistance with its energy costs the British paper industry is lobbying hard for temporary import controls. It is less sure of its ground on this score but is no less committed to the principle of some form of temporary protection for the industry.

It rests its case on the argument that much of the imported paper and board is "uneconomically priced" and supplied by producers which are reporting substantial operating losses and are receiving financial state help directly or indirectly. The industry also believes that North American exports to Britain are greatly helped by the subsidised energy programmes.

It is clear that many Continental producers are being kept in business with state aid and others are expanding their capacity with a level of official support unavailable to British paper companies. In Holland, in particular, two of the largest paper companies, KNP (Royal Dutch Paper Mills) and Van Gelder, have been losing considerable sums of money for years.

The story is much the same in other European countries. The Brussels Government has recently pumped extra capital into Intermills, Belgium's second largest papermaker which has been losing money for years, and now owns just under a third of the company.

In France, Europe's largest market pulp producer, Groupement European de la Cellulose (GEC) has been making substantial losses for a long time and MacMillan Bloedel, the Canadian forest products company, which owned a third of the equity, has decided to withdraw. MacMillan's top man in Europe has been quoted as saying that GEC is "not manageable."

In the view of the British companies, their case for import controls is strengthened by the potential damage which could be caused by North American exports to Britain. For many papermakers this is far more worrying than either EEC or Scandinavian competition.

At present North American competition is largely limited to newsprint and kraft liner. America produces 10m tonnes of kraft liner a year and Canada produces 9m tonnes of newsprint. Assuming the North American producers experience a 10 per cent fall in demand as a result of the recession then the U.S. has to find a market for an extra 1m tonnes per annum of kraft and Canada needs to find a home for almost the same amount of newsprint.

As Britain only produces 350,000 tonnes per annum of newsprint and 1m tonnes per annum of corrugated case materials, aggressive marketing of the surplus North American newsprint and kraft liner in Britain could deal a death blow to two important parts of the domestic industry.

In addition, British producers fear that the North Americans could start exporting much greater volumes of the high quality printing and magazine papers (particularly the lighter weights) and this could in turn seriously damage another major sector of the UK industry.

It is against this sort of background that the British paper industry is looking for some form of Government help. Not all papermakers believe that temporary import controls can be justified but they are unanimous in their belief that Britain's high energy prices relative to those of their competitors are unjust.

DECLINE OF BRITAIN'S PAPER INDUSTRY

	Mill closures	Machines shut*
1971	17	23
1972	5	13
1973	3	10
1974	4	6
1975	4	20
1976	3	6
1977	—	2
1978	4	37
1979	5	37
1980†	6	19

* No account taken of new machines.
† First half.
At the end of 1979 there were 140 paper mills and 400 paper machines in the UK.

Source: British Paper and Board Industry Federation.

Letters to the Editor

OPEC's development aid superior to other donors

From the Director General, The OPEC Fund for International Development

Sir,—Your editorial (July 15) entitled "OPEC dues to the Third World" contained several inaccuracies and misconceptions.

As the editorial reluctantly admits, the Organisation of Petroleum Exporting Countries' aid to other developing countries is markedly superior to the aid provided by other donor countries, be they members of the Organisation for Economic Co-operation and Development or of the Eastern bloc. This superiority is not only due to the high aid-to-gross national product ratio achieved by OPEC member countries but also to the inherent differences between the economies of OPEC and OECD countries.

It is important to recall in this regard that the 0.7 per cent target aid-to-GNP ratio set by the UN over a decade ago and recently emphasised by the Brandt commission as a target to be reached by 1985, has long been exceeded by OPEC as a group. In the more relevant cases of the so-called Arab "surplus" countries, the target has been exceeded, since they started their aid efforts, by six to 22 times, depending on the country and the year. In fact, the top five donors of the world (in terms of aid-to-GNP) have since 1974 consistently been Arab members of OPEC. Some of these countries are giving, even in absolute terms, much more than the richest countries in Europe. The OECD countries, in comparison, are said to have given 0.34 per cent of their GNP in 1979, but have in fact done markedly less as they include in their aid figures assistance to Southern Europe, Israel and their dependent territories.

It is also interesting to note that according to the latest (1979) World Bank atlas figures, the GNP of all OPEC countries is 7 per cent of that of the OECD. While Kuwait and the United Arab Emirates were giving at times more aid, in absolute terms, than France or Germany, the total GNP of all the Arab members of OPEC, including Iraq and Algeria, represented 36 per cent of the GNP of France and 27 per cent of that of Germany. According to OECD statistics, the four "surplus" states of the Gulf have consistently given together much more aid, in absolute terms, than the U.S. did, while their GNP constitutes 4½ per cent of that of the U.S.

More importantly, a typical OPEC donor country does not provide its aid out of a renewable annual income or as an attempt to promote its own exports, as is often the case in respect of industrialised donors. In fact, the concepts of GNP and of surplus are quite different in the case of countries such as Saudi Arabia or Qatar than in the context of the U.S. or the UK. For the Arab, donors, the "surplus," and to a great extent the GNP itself, is the result of the level of oil production they maintain to meet the continued demand of industrialised countries. Their GNP could thus be drastically reduced, and their surpluses eliminated, by a mere administrative decision to lower the level of oil production to meet only their financing needs. These surpluses are not, in other words, an evidence of the accumulation of new wealth or even a reflection of an added value to the economy.

Under present inflation rates and currency depreciation, many have argued that the accumulation of surpluses by OPEC countries is a losing proposition. They would be better off keeping the appreciating oil in their own soil rather than transforming it into depreciating paper money in the hands of others, which in turn creates false appearances of wealth and prompts claims such as those appearing in your editorial.

The figure quoted ($63bn) for the current account deficit of developing countries in 1980 is equally misleading if not viewed in its proper context. Most of this amount is accounted for by a few high income developing countries, which in every other respect are richer than all OPEC member countries. Nor are these deficits caused by the rise in oil prices only. In fact, the ten largest Third World debtors in 1979, which incidentally included five OPEC members, accounted for 75 per cent of the total debt services of developing countries. Brazil and Mexico accounted for 30 per cent of the total. The latter, it should be noted, is an oil exporting, not importing country.

It is not commonly observed that about 70 per cent of the oil imports of developing countries are accounted for by eight countries only, most of which are high-income and semi-industrialised countries. OPEC aid was never meant to compensate for higher oil prices, otherwise it would have mainly gone to the better off developing countries, instead of the poorer countries which have actually been the beneficiaries.

There is no case in fact for compensation. According to the latest "World development report" of the World Bank, the price of oil did not increase in real terms in the period 1974 to mid 1979, which witnessed the peak of OPEC aid. Nor has the principle of compensation been invoked in respect of any other commodity. The philosophy of OPEC aid has been rather based on the principle of solidarity among developing countries and the need to assist the worse off among them, taking all economic and financial factors into consideration. It is not meant to give a lower price for a commodity whose price has still not reflected its true scarcity value.

It is simply untrue that OPEC aid has been mainly provided for project assistance and that there is a case, therefore, for establishing a new fund to provide balance of payments (BOP) support.

If anything, OPEC aid as a whole has been characterised by the large portion of general or BOP support which accounted, in some years, for as much as two-thirds of the total. In the case of the OPEC Fund, 106, out of the 193 loans so far concluded, have been given for balance of payments support. In fact, the OPEC Fund was the first international development agency to combine BOP lending and project lending from the very beginning of its activities.

The Algeria and Venezuela proposal was not to establish a fund to provide balance of payments assistance as claimed in the editorial. The proposal was to convert the present OPEC Fund into a development bank with a share-capital of $20bn which would resort to borrowing on the strength of its callable capital and which would provide different types of loans for different development purposes. The OPEC Ministers of Finance opted in their last meeting to increase the resources of the present OPEC Fund and to strengthen its role as a source of concessional financing. In this approach the Fund relies on the replenishment of its resources rather than on borrowing from the market to carry out its lending activities. Other proposals, including that of Algeria and Venezuela, are under study for possible future action.

There is agreement among OPEC countries on the objective of strengthening their financial solidarity with other developing countries for the benefit of the Third World as a whole.

Ibrahim F. I. Shihata.
P.O. Box 995,
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Erroneous notions of Japanese car sales in Europe

From the Director of the Information Service, Japanese Mission to the European Communities.

Sir,—Concern over the increased imports of Japanese cars into EEC countries has been recently expressed by EC automobile manufacturers on various occasions. The Government of Japan is well aware of the concern, and so are Japanese car manufacturers and exporters.

Criticism directed against Japan in this respect, however, is often totally fallacious and I feel obliged to correct some of the erroneous notions that seem to exist in Europe.

The average hourly wage in Japanese car factories ($6 per hour, in 1979 at Y220=$1) is at the same level as that in France and higher than that in the United Kingdom.

The social security system in Japan is comparable to that of EC countries in the pension system, public welfare assistance, medical and health insurance, etc. In the case of the pension system, for instance, the standard "welfare pension" benefits in Japan were Y82,237 per month (1978), Y57,039 in Britain (1977) and Y84,089 in West Germany (1977). It must be remembered also that Japanese enterprises spend a considerable amount of money for the welfare of their workers by providing them with dormitories, sporting grounds, summer and winter villas and training courses in cooking, flower arrangement, foreign languages, etc.

The actual concern of the Japanese monetary authorities is to prevent an excessive depreciation of the yen, which would lead to intolerable price hikes in Japan through higher prices of imported goods, especially of crude oil. And this is exactly what they have done in the past few months. The yen started appreciating again very rapidly since April, 1980.

The Japanese have a general predilection for foreign goods and will gladly buy them if their quality and price are comparable to home made products. In the case of automobiles, however, the present situation is that Japanese cars are much cheaper, much more reliable, more fuel-efficient and assured of better after-service.

Imports of cars into Japan are completely liberalised since 1965, while a member of the EC (Italy) maintains discriminatory quantitative restrictions (2,200 units per year) against Japanese cars and two others (France and the UK) manage to keep, by administrative means or by industry-to-industry arrangements, the share of Japanese cars in their respective markets under certain percentages (3 per cent in France and about 10 per cent in the UK). The import duty on automobiles is 0 per cent in Japan since 1978, while it is 10 per cent in the EC.

It is true that the price of a European car when imported into Japan becomes much higher than its original price, but this is largely explained by the following elements, most of which could be rectified through additional efforts on the part of the European manufacturers and exporters, including a shift in their sales policy towards "quick sales at small profits."

Ocean freight: this additional cost is of course inevitable, but the freight paid for a European car shipped to Japan is substantially higher than that paid for a Japanese car exported to Europe, as most Japanese cars exported today are shipped on specialised vessels.

Modification/preparation cost: everybody must comply with the legislative controls of importing countries. Even though the Japanese Government has accepted to postpone application to imported cars of certain anti-pollution regulations, some modifications are still necessary before imported cars are authorised to run in Japan.

It should be noted, however, that even minor modifications become costly when they are carried out after completion of vehicles and on a small number of cars. Japanese cars for export are manufactured from the start specifically in such a way as to meet the administrative requirements of each foreign market. (Incidentally, is it not strange that some of the European car manufacturers do not even bother to make right-hand drive cars for the Japanese market where one drives on the left-hand side?)

Dealer margin: Profit margins for imported car dealers in Japan tend to be great (as do margins for their manufacturers) for they live on the sales of a small number of imported cars after making considerable investment to provide for showrooms and service facilities in the world's most expensive land.

The charging of higher prices is not conducive to mass sales, which in turn makes it difficult to reduce margins. New efforts would be necessary to put an end to this vicious cycle.

Takashi Miyazaki.
Information Service of the Mission of Japan to the European Communities,
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1040 Brussels.

Today's Events

GENERAL

UK: Mr. David Howell, Energy Secretary, addresses Royal Institute of International Affairs, London.

Institute for Fiscal Studies publishes report on public spending and taxation.

Greater London Council meets to decide structure and composition of London Transport Executive Board.

British Gas Corporation publishes annual report.

Iron and Steel Trades Confederation meets to discuss possible expulsion of 400 members at Sheerness Steel.

Mr. Barney Hayhoe, Army Parliamentary Secretary, visits Army Air Corps, Middle Wallop.

The Duchess of Kent opens the new Queen Elizabeth Hospital, King's Lynn.

Prince Philip attends Wasteland conference, Wapping Sports Centre, E1.

Microcomputer Show opens, Wembley Conference Centre (until July 24).

Overseas: EEC Agriculture Council meets in Luxembourg.

EEC Foreign Ministers meet in Brussels.

PARLIAMENTARY BUSINESS

House of Commons: Criminal Justice (Scotland) Bill, remaining stages. Northern Ireland Orders.

House of Lords: Motion on Lords' expenses and ministerial and other salaries and pensions order. Housing Bill, report.

Select Committees: Defence on D Notice system. Witnesses: New Statesman, Sunday Times, Mr. Leonard Dourie. Room 8, 10.30 am. Treasury and Civil Service on monetary policy. Witness: Prof. D. Laidler. Room 15, 10.45 am.

OFFICIAL STATISTICS

July provisional figures for unemployment and unfilled vacancies. Bricks and cement production for June.

COMPANY MEETINGS

Allied Breweries, Chartered Insurance Institute, Aldermanbury, EC, 2.30. BET Omnibus Services, Stratton House, Piccadilly, W, 2.30. Eastern Produce, 100 Old Broad Street, EC, 12. Hambros, 44 Bishopsgate, EC, 12. New Throgmorton Trust, 25 Milk Street, EC, 12.30. Normand Elec., Kensington Palace Hotel, De Vere Gardens, 11.45. Pegler-Hattersley, Doncaster, 12. Robertsons Foods, 50 Burnhill, Beckenham, Kent, 10.30. Sterling Inds., 2 St. Mary Axe, EC, 12.30. Whitbread, The Brewery, Chiswell Street, EC, 12.30.

Initial Services rises to £16m

FROM INCREASED turnover of £126.9m against £107.99m, profits before tax of Initial Services for the year ended March 31, 1980, rose from £11.9m to £16.06m. Profits in the first half had shown an improvement from £6.27m to £7.27m.

Earnings per share are stated as 21p, compared with 17.2p, and a final dividend of 5.25p is recommended lifting the year's total from 5.5p to 7.5p net.

Operating profits rose from £12.95m to £17.09m

A cumulative addition to reserves of £6.2m arising from the resultant revaluation has been made in the 1979 balance sheet, all of which, together with £2.2m from reserves has been utilised in writing off goodwill in the current year.

● comment

First-time profits from the NCB workwear contract coupled with the move to straight-line depreciation of service equipment beefed up the second-half profits at Initial Services to bring the group in some 10 per cent ahead of the market's interim expectations for the full year. Preliminary indications are that the current half is seeking an advance comparable with last year's 16 per cent at the interim stage. Since the first six months of last year were depressed by NCB set-up costs, current underlying growth is a little slower, but the recession has yet to show a severe impact. Initial's decade of profits growth—with only a single mild dent in 1974—indicates that its customers are understandably reluctant to roll back hygiene and safety benefits to personnel. BET, which holds 40 per cent of Initial, also owns 80 per cent of its main UK competitor, Advance Laundries. There remain a few screws to be tightened overseas—notably elimination of last year's £250,000 Australian loss, hoped for this year. That apart, the company looks well set to maintain its current form as a stable money-earner. The shares stand on an historic fully-taxed p/e of 11, supported by a 7 per cent yield at 160p, up 10p. The dividend is 1.5 times covered on a CCA basis, while Initial's modest cash needs have seen net borrowings drop £2m over the year to some £9m, leaving the balance sheet under 20 per cent geared.

Second-half rally puts Siebe Gorman over £4.7m

AN INCREASE from £3.57m to £4.71m in pre-tax profits is reported by Siebe Gorman Holdings for the year to April 5, 1980. Turnover of this group, which designs and manufactures advanced technology rescue, fire-fighting and underwater products, safety and survival equipment, leisure and protective wear, was up from £46.42m to £50.52m.

At halfway profits fell from £2.11m to £1.96m and this was blamed on the engineering dispute.

Most companies within the group, both at home and overseas, contributed satisfactorily to the results. Share of profits of associate companies amounted to £474,000 against £278,000.

After tax substantially higher at £1.52m (£633,000), stated earnings per 25p share are up from 28.3p to 30.8p, and the final dividend is raised from 4.014p to 4.75p for a total of 7.26p (6.414p).

There were extraordinary debits of £962,000, and of this relocation and removal expenses of the Merryweather business from Greenwich to South Wales accounted for £680,000.

● comment

On the face of it Siebe Gorman has produced a signicant recovery but the comparable period bore exceptional costs of over £1.1m and adding these back profits are only £10,000 higher. But whichever way the figures are viewed Siebe is at least heading the right way despite the engineering strike, which left first half profits 7 per cent lower, and a steel strike that hit Siebe indirectly as customers held back on protective and safety clothing orders. Overall the UK has been tough going apart from the textile division which, oddly enough bearing in mind the malaise of the industry generally, produced a sharp recovery in profits. Overseas however has really sustained the group. Taking in both subsidiaries and associates overseas profits are 47 per cent higher and if direct and indirect exports are taken into account some two-fifths of profits now originate outside the UK. The outlook at home remains cloudy for new orders remain sluggish. However, Siebe's management remains optimistic of a further advance helped by new respiratory products with which it hopes to gain market share. The stock market happily digested the results by marking the shares 15p higher at 192p where the yield of 5½ per cent and p/e of six is fair enough given the impressive record since the mid-sixties.

HIGHLIGHTS

The Government has announced plans to relax part of the Post Office's monopoly of telecommunications, and Lex looks at the implications of this move in the context of booming share prices in the electronics sector. Official estimates of the net borrowing requirement of the company sector in the first quarter of 1980 show that the demand for funds was far above previous levels. Lex also looks at the **Racal** annual report and interim statement from **Alexanders Discount**.

Fairdale Textiles falls to £438,000

TAXABLE profits of Fairdale Textiles took a tumble in the second half-year from £401,503 to £251,697 leaving a surplus for the 12 months to January 26, 1980, of £473,919, compared with £603,648.

At mid-year trading profits showed a slight increase at £222,222 (£202,145) but the directors warned that with a downturn in trade in all sections over the last few months the outlook for the full year must be viewed with caution. Profitability was likely to be adversely affected, they said.

Turnover of the wholesale manufacturing clothier and cloth merchant for the year was virtually maintained at £6.65m (£6.51m), but the tax charge was slightly higher at £298,993 (£252,287).

Retained profit, however, showed a marked drop from £257,011 to £80,576.

A final dividend of 1.2p makes a same-again total of 1.5 net.

Earnings per 5p share are shown as 2.9p (5.8p).

The company has acquired for about £595,000 cash Cobleys, which had net assets at January 31 of £547,857. Its properties have been revalued producing a surplus of £112,598 on book value. Pre-tax profit was £67,572.

Cobleys is engaged in men's, ladies' and boys' wear retailing with eight branches in the south including Brighton, Winchester, Tonbridge and Horsham.

Racal orders at record level

THE ORDER book at Racal Electronics is again at a record level and with its many new products being well received, Mr. Ernest Harrison, the chairman, says that provided there is no worsening of the problems facing the group, he looks forward to another record year.

Taxable profits for the 12 months ended March 31, 1980, improved by £2m to £63.62m, on sales of £263.74m (£226.69m)—as reported June 20.

On a CCA basis, pre-tax profits are reduced to £52.46m (£55.41m) after adjustments of £11.54m (£6.24m) for cost of sales, additional depreciation of £0.5m (£1.11m), less gearing of £0.87m (£1.14m).

The very high inflation rate in the UK continues to increase the group's costs at a higher level than that of its major international competitors. This, and the continued strength of sterling, is affecting profits margins, the chairman tells members in his annual statement.

Also, the strong pound has a marked impact on the translation of earnings of group overseas companies, especially those in the U.S. which are now substantial.

Because of the wide spread of Racal's sales among many countries and of its businesses, the board believes that the effect of the world trade recession on the group will be less than that on others. However, in the U.S. where the group's commercial and industrial sales are large, the trend is being closely watched.

During the year, Mr. Harrison purchased from the company an apartment in Miami, Florida, at the market price of £127,000.

Following Racal's acquisition of Decca for £106m in April, the Decca board has now been reorganised and in order to concentrate the whole of the capital goods companies into one group, a new company to be named Racal-Decca is being formed.

Mr. Harrison says the biggest task facing the group is at Racal-Decca. In recent years there has been a marked deterioration in the performance of Decca, although on the capital goods side no unexpected problems have been discovered.

The company is full of excellent technology, he states, and although it will not contribute to the current year's profits, 1981-82 will see Racal-Decca going forward strongly.

Mr. Graham Maw, who became chairman of Decca after the death of Sir Edward Lewis, was invited to join the board of Racal, but decided that the pressure of his other commitments made it impossible for him to accept.

Mr. Ernest T. Harrison, chairman and managing director of the Racal Electronics Group ... facing its biggest task at Racal-Decca.

This year Decca is expected to break-even as a whole, with the capital goods side achieving a trading balance, while Racal is expected to improve enough to result in no dilution of earnings as a result of the acquisition.

Decca's anticipated contribution to the group sales target of £500m is in excess of £150m.

Dewhurst & Partner £88,000 loss midway

LOSSES OF £87,920 before tax have been incurred by Dewhurst and Partner, electric control equipment maker, in the first half year ended March 31, 1980, and the directors are not paying an interim dividend.

However, losses will be reduced in the second half and a return to profitability is anticipated next year, the board says.

In the first half last year, profits were £173,280 but at the year-end, the pre-tax figure was £145,000. An interim dividend of 0.32p was followed by a 0.601p final.

Turnover for the first half this year was down from £2.08m to £1.81m. There is a tax credit of £31,000 (£90,100 charge) and loss per 10p share is stated as 0.79p against 1.16p earnings.

The losses stem from a severe drop in power plant sales at Dupar Pelapone while the growth of markets for new products was slower than the group's capacity would accommodate and overheads required.

A substantial reduction in overheads has been made and sales are increasing in a market recession, the directors add. The engineering strike also affected the group and this, together with the cost of redundancies which followed, reduced profits by over £50,000.

The strength of sterling is putting pressure on margins while costs continue to rise, but heavy capital investment over the years has helped the group to maintain its competitive position.

Mr. Colin Johnson has been appointed as a director and will become group managing director from September 29. On the same date, Mr. A. Dewhurst becomes executive chairman and Mr. A. J. C. Ward, deputy chairman, relinquishing their positions as joint managing directors.

Alexanders Discount interim up

MAINLY to reduce disparity, the directors of **Alexanders Discount Company**, are raising the interim dividend from 4.5p to 5.5p per £1 share for 1980. The final payment last year was 11.501p.

While the company has traded profitably during the first half, the total distribution for 1980 must depend on the year's outcome, the board states. In the meantime, trading has continued to be profitable since June 30.

In 1979, the group incurred a loss of £250,000 (£200,000 profit) after provisions for rebate, contingency and tax.

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Meggitt falls but interim is maintained

The gloomy predictions made earlier this year by Mr. J. D. Tyler, the chairman of machine tool distributor **Meggitt Holdings**, are borne out in his interim statement.

For the six months to the end of April pre-tax profits fell by £61,814 to £90,194, despite turnover rising from £3.91m to £4.28m.

Commenting on the results Mr. Tyler says that during the period the company experienced a three-month strike in the steel industry, high inflation, record interest rates and a high exchange rate.

Latterly, the company has been exposed to a rapidly-deepening recession within the machine tool industry. This is a gloomy situation by any standards, the chairman says.

But the directors maintain their confidence in the future by paying a same-again interim dividend of 0.42p net.

Last year the company paid a total distribution of 0.84p on taxable profits of £436,000.

Cawdaw in the red and omits payment

A DRAMATIC deterioration in trading conditions throughout the group during the second half has resulted in **Cawdaw Industrial Holdings** reporting a pre-tax loss of £125,000 in the year to March 31, 1980. There was a pre-tax profit of £400,000 in the previous year.

The start of decline was seen in the first half when profits dropped from £152,000 to £55,000, and the board stated then that measures were being implemented to place less reliance on traditional activities and to broaden the base of the group. But they warned that recovery to acceptable profit levels could not be achieved quickly.

Currently, trading conditions are poor, and while the board is cautiously optimistic for the second half, they are omitting the dividend—last year's net payment was 2.5679p.

The pre-tax figure is struck after interest charges of £370,000 (£249,000). There is a tax credit of £31,000 against a charge of £98,000 last time. After extraordinary debits of £356,000 (£14,000) and minorities £1,000 (same), there is an attributable loss of £451,000 (profit £287,000).

To combat the downturn in trading and to concentrate resources, the board has subdivided this dyeing group into divisions and reorganised management.

The textile division generally suffered through severe pressure on margins on reduction of demand, and efforts are therefore being made to introduce versatility into the remaining dye houses—in the final quarter three were closed and the heavy costs of compensation and terminal losses are now reflected in the extraordinary debits.

The weaving operation continues to contribute to profitability.

The board says agreements for the sale of the timber importing business in New Milton have been signed. In isolation, this activity, which relies on the fortunes of the construction industry, is not profitable and requires substantial financing at high rates of interest.

The group policy to pursue the home improvement market continues, and J. R. Lucey was acquired in January. Another site was obtained in March and further expansion is planned.

The furniture division made considerable market penetration

Bestobell makes major internal reorganisation

DETAILS of a major internal reorganisation have been published by **Bestobell** less than a month before it becomes vulnerable to a renewed takeover bid by **BTR**.

Within the UK the company has been split into four business groups: controls and instrumentation; energy engineering; aviation and seals; and consumer products. In addition, Bestobell has set up regional groupings for Australia and South-East Asia.

The company's shares have been rising strongly over the past few weeks, fuelled by speculation that BTR may launch a new offer for the company sometime after August 17, the anniversary of the failure of its first offer. BTR has retained a 25 per cent stake in Bestobell but Takeover Panel rules made a fresh bid impossible until 12 months had elapsed.

If BTR decided to try again, it would be obliged to pay a higher price. Bestobell's shares have risen by almost 50 per cent to 310p over the past year, placing a market value of around £30m on the shares that BTR does not already own. BTR's own shares have also appreciated by a half over the year, adjusted for a recent scrip issue. They closed last night at 378p.

Commenting on the impact of the reorganisation, Mr. Sandy Marshall, Bestobell's chairman, said "this structure gives a sharper focus to our various businesses, effective delegation of profit responsibility and a framework for optimum deployment of people."

Bigger share of market for John J. Lees

Despite difficult trading conditions within the industry Mr. Andrew Sim, chairman of **John J. Lees**, confectionery manufacturer, tells shareholders in his annual report that the company has increased its share of the available market and he believes it will continue to expand.

Although the sales performance for the current year has not achieved the level he would have wished, it is not unsatisfactory in terms of the confectionery trade as a whole, he adds.

In terms of efficiency of production Mr. Sim believes there is very little more that can be done which would have a material effect on the company's profitability.

He says he would like to be more optimistic about the immediate future but economic factors lead him to adopt a cautious view concerning sales and profits for the current year.

In the 12 months to March 31, 1980, as already known, there was a taxable surplus of £93,857, compared with £77,191, on turnover up from £1.48m to £1.69m.

Shareholders' funds increased to £493,848 from £465,631 and bank balances and cash are shown as £100,594 (£31,654).

SPAIN

July 18	Price %	+ or −
Banco Bilbao	224	
Banco Central	246	
Banco Exterior	210	
Banco Ind. Cat.	120	+3
Banco Madrid	141	
Banco Santander	276	
Banco Urquijo	140	−2
Banco Vizcaya	236	
Banco Zaragoza	215	
Dragados	83	+1
Espanola Zinc	59	
Fecsa	60.6	+0.8
Gal. Preciados	23.2	−0.8
Hidrola	66	
Iberduero	61.7	
Petroleos	115	+1
Petroliber	85	
Sogefisa	107	
Telefonica	61	
Union Elect.	65	+0.3

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alexanders Discount int.	5.5‡	Aug. 28	4.5	—	16
Arbuthnot Gvt. Secs. 4th int.	3.19¶	Oct. 15	—	12.75	12.75
Cawdaw Industrial	nil	—	2.57	nil	2.57
Crown House	3	Oct. 1	2.5	5.25	4.5
Dewhurst int.	nil	—	0.32	—	0.92
Fairdale Textiles	1.2	—	1.2	1.5	1.5
Initial Services	5.25	Oct. 1	4	7.5	5.5
Jermyn Inv.	1.63	Oct. 3	1.63	1.63	1.63
Lambert Howarth int.	1.15	—	1.15	—	4.06
Ldn. & Lomond Inv. int.	1.6	Oct. 3	1.4	—	4.1§
Meggitt Holdings int.	0.42	Oct. 6	0.42	—	0.84
Siebe Gorman Hldgs.	4.75	—	4.01	7.26	6.41

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Mainly to reduce disparity. § Including special 0.7p non-recurring payment. ¶ Gross throughout.

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MINING NEWS

Bougainville should do well, if costs allow

BY KENNETH MARSTON, MINING EDITOR

THE continued decline in the grade of ore mined as operations extend into the areas of lower mineralisation at the Rio Tinto-Zinc group's big Bougainville copper-gold mine in Papua New Guinea is underlined in the operation's report for the June quarter.

The amount of ore milled during the period increased, but the copper grade fell further to 0.46 per cent from 0.48 per cent in the previous three months while that of gold was 0.5 grammes per tonne (0.56 grammes) and silver 1.45 grammes (1.61 grammes).

Consequently, the amount of copper contained in the concentrates produced in the June quarter fell to 36,245 tonnes making a total for the past half-year of 74,669 tonnes compared with 88,744 tonnes in the same period of 1979.

The gold content was also down at 3,440 kgs making a half-year total of 7,319 kgs against 10,525 kgs while silver output was 8,961 kgs making 18,010 kgs against 23,496 kgs.

Mr. D. C. Vernon, the Bougainville chairman, has already said that means are being examined of increasing ore throughput with the object of minimising the effects of the declining ore grades. Meanwhile, Bougainville is enjoying good prices for its metals and last year its earnings moved into the country's higher additional profits tax bracket.

Thus, if metal prices stay at around the current higher levels Bougainville is set for a further rise in earnings this year. The only danger is in the area of working costs which are critical in a low grade operation of this type.

The mine uses huge quantities of oil and the cost of this is mitigated by the strength of the country's currency but, as Mr. Vernon has pointed out, this strength cuts both ways by reducing the value of Bougainville's exports. The shares were 130p yesterday.

Engelhard well ahead at halfway

AMERICA'S Engelhard Minerals and Chemicals recorded an advance in net profits of 136 per cent during the second quarter, following a rise of 198 per cent in the first quarter. Net profits were $139.08m (£59m) or $2.05 per share, on sales up from $3.84bn to $6.68bn.

This performance left the company 163 per cent ahead at the halfway stage of the year at $280.51m, which compares with the record full-year profits of $350m returned in 1979.

Engelhard is linked with South Africa's Anglo American Corporation through Minorco of Bermuda, which holds 29 per cent of the equity.

The company said yesterday that the primary source of its second quarter profit gains was the Philipp Brothers division, whose marketing results remained strong during the period.

This division, traditionally the major profit producer, is a leading international marketer of more than 150 industrial raw materials including minerals, metals, fuels and fertilisers. The recent volatility in many commodity prices has provided greater opportunities for wider profit margins.

Engelhard said that its precious metals operations also turned in improved results, but the non-metallic minerals operations reported a small decline in profits.

Larger stake for CRA in bauxite venture

IT looks as though things are at last beginning to come right for the troubled Mitchell Plateau bauxite/alumina project in the Kimberley region of Western Australia. Conzinc Riotinto of Australia's wholly-owned subsidiary Mitchell Plateau Bauxite has exercised an option to raise its stake in the venture from 10 per cent to 52.5 per cent.

When CRA originally acquired the option in June 1979, it said that it would be exercised if a 12-month mining feasibility study proved successful.

A further 17.5 per cent of Mitchell Plateau is held by Alumax Bauxite, in which Amax of the U.S. and Japan's Mitsui each have a 50 per cent stake. The remaining 30 per cent of the bauxite project is held by European and Japanese interests.

Amax originally mapped out the project 10 years ago, but ran into a world surplus of bauxite. Anaconda, also of the U.S., then expressed an interest, but soon pulled out.

The original project envisaged a combined bauxite/alumina complex sited on Western Australia's Admiralty Gulf, with an annual capacity of 2.4m tonnes. From this point, alumina could be shipped around Australia and to overseas smelters.

GOLD MINES PROFITS

WITH THE June quarterly reporting season for South Africa's gold mines now over, it is possible to see a general pattern.

Working profits are mostly lower than in the previous three months, partly as a result of the usual rises in costs but mainly because of the fall in the average gold price received by the individual mines.

This came down to around $550 per ounce, compared with the exceptionally high level of about $635 recorded during the March quarter and $410 in the December quarter.

The trend towards mining lower grade ores has continued, and for the most part the consequent fall in production has also had an adverse effect on profits.

At the net level, the decline has been offset to some extent by lower tax charges and higher sundry income, and in most cases net profits are still well ahead of those reported for the December quarter.

For the record, the accompanying table shows the mines' net profits for the last four quarters.

	June quarter R000s	March quarter R000h	December quarter R000s	September quarter R000s
lyvooruitzicht	20,722	26,486	16,699	12,979
racken	2,852	3,721	2,209	2,455
uffelsfontein	28,053	32,312	21,957	13,764
eelkraal	2,021	2,870	—	—
oornfontein	14,620	12,588	8,234	5,754
urban Deep	5,857	6,444	§4,661	§2,086
ast Daggafontein	165	25	76	8
ast Driefontein	48,480	61,189	48,506	36,715
RGO	22,960	28,471	15,532	11,281
ast Rand Pty.	10,684	13,971	§6,526	§4,086
ast Transvaal	3,085	3,301	1,969	1,446
andsrand	10,531	12,520	4,713	2,007
Geduld	47,258	49,424	33,800	28,861
S. Saaiplaas	5,737	7,940	5,058	12,473
rootvlei	5,502	7,463	5,370	3,180
armony	31,827	37,432	26,326	17,699
artebeest	36,265	45,840	30,749	22,191
inross	8,686	10,447	6,501	5,309
loof	34,937	41,469	27,896	20,447
eslie	2,639	3,137	1,749	1,864
ibanon	14,753	15,441	9,431	6,830
oraine	2,934	6,950	2,793	§2,436
arievale	1,071	1,704	1,082	916
resident Brand	43,402	46,963	32,726	35,147
resident Steyn	34,142	32,021	22,665	20,023
andfontein	30,995	28,533	31,024	22,596
Helena	16,830	20,859	13,599	9,756
outh African Land	1,266	1,331	829	‡519
ilfontein	13,192	19,535	10,026	5,707
nisel	9,985	14,731	6,880	—
aal Reefs	82,868	81,023	77,283	46,290
enterspost	6,096	1,092	671	406
akfontein	773	1,092	671	406
elkom	10,689	12,102	7,682	7,298
est Driefontein	54,026	64,375	44,740	36,951
est Rand Consold.	†2,941	§2,502	§2,864	*†486
estern Areas	17,177	24,935	34,216	11,759
estern Deep	61,519	70,784	59,356	39,096
estern Holdings	31,493	35,729	20,024	19,565
inkelhaak	14,444	17,602	11,745	10,139

* Loss. † After receipt of State aid. ‡ Net surplus includes sale capital items following cessation of mining. § After State aid repayment.

CORONATION SYNDICATE

NET PROFITS of Lonrho's Coronation Syndicate of South Africa have moved ahead sharply in the third quarter ended June 30, following the receipt of a substantial dividend payment from the Zimbabwe copper and gold subsidiary Corsyn Consolidated Mines.

The South African company's net profits were R3.94m (£2.18m) compared with R106,300 in the previous quarter, when no payment was received from Corsyn.

Corsyn paid a dividend of 4m Zimbabwe dollars (£2.7m) to Coronation Syndicate for the period. Net profits were one-third lower than in the previous quarter at Z$2.19m, partly as a result of labour unrest.

Working profits at all four of the group's mines were lower, and the Inyati mine slipped into the red.

N. Rothschild launches fund

N. M. Rothschild and Sons is launching a multi-currency cash fund based in Guernsey. The fund, Old Court International Reserves, allows investors to purchase shares denominated in ten currencies including sterling.

The shares are to be listed on the London Stock Exchange.

ADJOURNMENT FOR GILGATE

A petition for the compulsory winding-up of Gilgate Securities, management and administration company for the Gilgate group, was adjourned for a week in the High Court.

The petition has been presented by the Inland Revenue, creditors for £48,000 PAYE tax.

YULE CATTO/ REVERTEX

Acceptances of the original Yule Catto offer have so far been received (including shares represented by acceptances which are not complete in all respects) in respect of 57,057 ordinary shares in Revertex Chemicals (approx. 0.57 per cent).. On June 25, Yule Catto owned 4.2m ordinary shares (29.5 per cent).

PENNINE COMMERCIAL

Pennine Commercial Holdings is acquiring Woodcroft Developments, a property development company for a maximum consideration of £175,000 to be satisfied by 1.75m shares.

Pennine also announces that its brokers—John Siddall and Son—have agreed to subscribe for 2m shares at 11p per share. These shares are being placed with Siddall's clients at 11½p.

Woodcroft's assets consist of a development site and buildings at North Newbald Humberside, valued by Pennine's valuers at £120,000 and 16 flats in a purpose built block near Sheffield.

The majority of the remaining flats in the block are already owned by Pennine and the flats owned by Woodcroft are valued by Pennine's directors at not less than £80,000.

BIDS AND DEALS

Ibstock challenged on Glen-Gery acquisition

BY CARLA RAPOPORT IN NEW YORK

The U.S. Department of Justice has filed a civil anti-trust suit challenging the £10m ($US21m) acquisition by Ibstock Johnsen, of Glen-Gery, of Reading, Pennsylvania.

Both Glen-Gery and Ibstock Johnsen, through its ownership of the Marion Brick Company of Marion, Ohio, are major U.S. manufacturers of facing brick which is used primarily for wall exteriors and partitions in building construction.

The complaint claims that the acquisition violates the Clayton Act which prohibits anti-competitive mergers and asks that Ibstock Johnsen divest itself of its interest in Glen-Gery.

The complaint also alleges that the acquisition has eliminated competition between Marion Brick and Glen-Gery in the manufacture and sales of facing brick and will increase concentration in the manufacture and sale of facing brick in the north-east of the U.S.

Mr. Sandford Litvack, assistant Attorney General in charge of the Anti-Trust Division, said that through its control of Glen-Gery and Marion Brick, Ibstock Johnsen is now the largest manufacturer of facing brick in an area of 13 north-east states, and controls about 20 per cent of the market.

In addition, Ibstock is among the three largest producers of facing bricks in the U.S., according to the complaint.

HALL BROTHERS

The Stock Exchange has given permission for dealings to recommence under Rule 163(2) in the ordinary shares of Hall Brothers Steamship Company following the offers for Brint Investments being declared unconditional in all respects.

Hall will shortly be changing its name to Brint Investments.

BROWN BROTHERS/ ELECTROSTART

Brown Brothers has acquired 51 per cent of Electrostart, a remanufacturer of starters, dynamos and alternators based in Stourbridge in the West Midlands.

The consideration amounts to £535,000 with an option to acquire the remaining 45 per cent at the same price per share, adjusted by future increases in the Retail Price Index.

Electrostart's profit before tax for the year ended April 30, 1980, amounted to £253,000 and the net worth (including share capital, reserves and deferred tax), £711,000.

Brown Brothers is part of the Brown Brothers Corporation (distributors of motor accessories), which is itself controlled by Dana Corporation of the U.S.

£2.2m purchase by Thomas Tilling

Thomas Tilling, the diversified UK industrial group which has been expanding rapidly in the U.S. in the last few years, is planning to add to its UK distribution interests.

Tilling, which announced in May that it intended to spend some £80m on existing UK operations in the current year, is making a recommended offer to acquire Croggon and Co., a private company distributing wire fencing and allied products.

The terms, which have been irrevocably accepted by the directors of Croggon and associates in respect of 27 per cent of the capital, are 2.474 ordinary Tilling shares for each of the 500,000 Croggon shares. Based on Tilling's close of 178p (up 4p) yesterday each Croggon share is valued at 440p and the entire capital at £2.2m.

Through Graham Building Services, Tilling already owns H. L. Goodman and Son (Bristol), a wholesale distributor of UK manufactured wire fencing, agricultural merchant, fencing contractor and builders merchant, with seven depots in England and Wales. Tilling feels that the association of the two companies will provide considerable benefits including a wider product range and service facilities through the UK, and the expansion of outlets for fencing materials manufactured by Goodman.

Croggon had a turnover of £11.2m in 1979 while profits fell from £230,000 to £75,000. Tilling showed profits of £81.1m for 1979 on sales of £1.42bn.

NFU to canvass beet growers on Brit. Sugar share purchase

THE NATIONAL Farmers Union is to canvass members who grow sugar beet to find out if they want to buy shares in British Sugar Corporation.

The survey is a result of the £125m takeover bid by the London commodity dealer, S. and W. Berisford, for the Corporation in which the Government has a 24 per cent stake.

If the Government sells its shares, the NFU hopes that farmers will buy to retain a measure of control over the industry. Over the next fortnight, 14,000 sugar beet farmers in the Eastern Counties will be asked if they want to buy shares individually, and be prepared to assign their collective voting rights to a central authority which will act for their interests.

An NFU spokesman said yesterday: "The union's priority remains to press the Government to retain its holding, but we must be prepared to buy because the Government's policy is clearly to hive-off its many assets."

Heminway sells more B&Q

Mr. Roger Heminway, a former director of B and Q (Retail), the DIY supermarkets group which came to the market just over a year ago, has reduced his holding in the company by selling a further 809,721 shares—worth £583,000 at yesterday's price of 72p.

Mr. Heminway left the board in January to devote himself to his other business interests, notably property development.

When B and Q was floated he held 1.98m shares but by the time of his resignation he had sold about 100,000. He said then that he intended to keep a fair number of shares but would probably sell the balance at the right time.

This prospectus includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Old Court International Reserves Limited (the "Company"). The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly. Application has been made to the Council of The Stock Exchange for the Shares of each class of the Company available to be allotted to be admitted to the Official List. Copies of this prospectus and of the documents specified herein have been delivered for registration to the Registrar of Companies in England.

Old Court International Reserves Limited

(A company registered with limited liability in Guernsey on 19th June, 1980 under the provisions of the Companies (Guernsey) Laws, 1908 to 1973 and having an authorised share capital of US$150,100.)

The Company's Manager is N. M. Rothschild Asset Management (C.I.) Limited (the "Manager"),

a wholly owned subsidiary of

N. M. Rothschild & Sons Limited

Share Capital

Authorised US$		Allotted and available for allotment US$
100	in Deferred shares of US$1 each	100
150,000	in 15,000,000 unclassified shares of US 1 cent each available for allotment as Participating Redeemable Preference Shares of any class or as Nominal shares	150,000
US$150,100		US$150,100

Initial Offer for Subscription of up to 15,000,000 Participating Redeemable Preference Shares of U.S. 1 cent each ("Shares") of the following classes and at the following prices payable in full on application.

CLASS OF SHARES	PRICE PER SHARE
Belgian Franc Shares (Financial)	Fin. B.Fr.600
Canadian Dollar Shares	Can. $25
Deutschemark Shares	DM40
Dutch Guilder Shares	Fls.40
French Franc Shares	F.Fr.100
Italian Lira Shares	Lit. 20,000
Singapore Dollar Shares	S$50
Sterling Shares	£10
Swiss Franc Shares	Sw.Fr.40
United States Dollar Shares	US $20

DIRECTORS
LEOPOLD DE ROTHSCHILD (*Chairman*),
New Court, St. Swithin's Lane, London EC4,
Executive Director of N. M. Rothschild & Sons Limited,
London.
MICHAEL COMNINOS,
New Court, St. Swithin's Lane, London EC4,
Executive Director of N. M. Rothschild & Sons Limited,
London.
H. RONALD FRASER,
P.O. Box 650, Hamilton 5, Bermuda,
President and Chief Executive Officer of
Minerals and Resources Corporation Limited, Bermuda.
RICHARD KATZ,
New Court, St. Swithin's Lane, London EC4,
Executive Director of N. M. Rothschild & Sons, Limited,
London.

DIRECTORS (Cont.)
DONALD LINES,
Front Street, Hamilton 5–31, Bermuda,
General Manager of The Bank of Bermuda Limited,
Bermuda.

SIR JAMES PEARMAN,
Bank of Bermuda Building, Hamilton 5–31, Bermuda,
a partner of Conyers, Dill & Pearman,
Bermuda.

GEORGE M. YANEFF,
P.O. Box 1751, Hamilton 5, Bermuda,
President and Chief Executive Officer of
Oil Insurance Limited,
Bermuda.

SECRETARY
BERMUDA SHIELD TRUSTEE COMPANY LIMITED,
P.O. Box 1020, Hamilton, Bermuda.
REGISTERED OFFICE
St. Julian's Court, St. Peter Port, Guernsey, C.I.
MANAGER & REGISTRAR
N. M. ROTHSCHILD ASSET MANAGEMENT (C.I.) LIMITED,
P.O. Box 58, St. Julian's Court, St. Peter Port, Guernsey, C.I.
Telephone: Guernsey (0481) 26741 & 26331
Telex: 4191673 & 4191507
BANKERS
N. M. ROTHSCHILD & SONS (C.I.) LIMITED,
P.O. Box 58, St. Julian's Court, St. Peter Port, Guernsey, C.I.
AUDITORS
PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants,
10 Lefebvre Street, St. Peter Port, Guernsey, C.I.

STOCKBROKERS
DE ZOETE & BEVAN,
25 Finsbury Circus, London EC2M 7EE, England.
LEGAL ADVISERS TO THE COMPANY
In Guernsey: OZANNE, VAN LEUVEN & PERROT,
1 Le Marchant Street, St. Peter Port, Guernsey, C.I.
In England: LINKLATERS & PAINES,
Barrington House, 59–67 Gresham Street,
London EC2V 7JA, England.
In Bermuda: CONYERS, DILL & PEARMAN,
Bank of Bermuda Building, Front Street,
Hamilton 5–31, Bermuda.
LEGAL ADVISERS TO THE MANAGER
ASHURST, MORRIS, CRISP & CO.,
17 Throgmorton Avenue, London EC2N 2DD, England.

Salient Features

Old Court International Reserves Limited is an open-ended investment company registered in Guernsey.

The Company's objective is to provide a means of deploying liquid funds in a currency chosen by the investor.

Shares are available designated in any of the ten currencies listed above. A separate fund ("Currency Fund") will be maintained in each currency in respect of each class of Shares. The subscription and redemption moneys will be payable in the currency in which each class of Shares is designated. Each Currency Fund will have a portfolio of assets related to its respective currency. Within each Currency Fund there will therefore be no currency risk.

Within a conservative approach to credit assessment the Company's policy is to invest in deposits, bonds, notes and monetary instruments maturing in not more than twelve months.

Shares may be applied for on any business day in Guernsey ("Dealing Day"), and may be redeemed on any Dealing Day subject to seven days' notice. Settlement will take place in accordance with Euro-market practice which is normally two business days later.

Shareholders can elect to convert from one class to another.

There will be no sales charge and there will normally be a single price for the allotment and redemption of Shares of each class, which will be calculated by reference to the value of the net assets of the relative Currency Fund.

No dividends will be paid. All income will be accumulated in the appropriate Currency Fund, and the Share prices will be calculated to reflect each day's accrued income.

The Manager will charge a fee of $\frac{1}{16}$ per cent per month on the net asset value.

It is the aim of the Company not to incur any tax on its income in normal circumstances.

Arrangements can be made for the provision of a discretionary currency management service based on investment in the Company's Shares. Further information can be obtained from the Manager.

Allotment of Shares

The initial subscription lists will open at 9.00 a.m. in Guernsey on 29th July, 1980 and will close at 10.00 a.m. that day. Settlement will be due on 31st July, 1980, and provided that settlement has been effected, allotments will be made on that day.

After the initial offer, application for Shares of each class may be made on any Dealing Day.

Application may be made either by telex or on the application form at the end of this prospectus. Shares will be issued in registered form. Full details of the application and payment procedure are set out at the end of this prospectus.

Investment Policy

The Company's investments ("Investments") in each Currency Fund will consist of deposits, bonds, notes and monetary instruments, maturing in not more than twelve months, which are available on the Euro-currency markets. The Investments of the Sterling Currency Fund may also be denominated in domestic sterling. In addition, in exceptional circumstances, each Currency Fund may invest in domestic Treasury instruments, irrespective of any adverse tax consequences.

Within each Currency Fund the Company will acquire Investments payable in the currency in which the Shares of that class are designated. However, in any Currency Fund the Company may purchase Investments payable in another currency provided that a forward currency sale of the principal amount of the Investment plus the expected interest to maturity, is undertaken. In this way the Company will take advantage of opportunities to maximise the return for a particular currency while pursuing the principle that there should be no currency risk within each Currency Fund.

A minimum of 20 per cent of the value of the assets in each Currency Fund will normally be available at seven days notice or less (except to the extent that this percentage is reduced by redemptions and conversions, when the intention will be to reinstate the liquidity margin as soon as circumstances permit). This policy will usually provide sufficient funds to enable redemptions and conversions to be effected without the premature realisation of Investments.

A conservative credit assessment policy will be pursued. Specific limits will be established for each bank and institution with which the Company invests. Such limits will be designed to ensure that there is a prudent spread of risk in each Currency Fund, except that this policy will not require the Company to make any Investment which is less than the equivalent of US$½m.

Accumulation of Income and Profits

The whole of the net income attributable to each class of Shares will be accumulated within the relevant Currency Fund and will be reflected in the price of those Shares. Accordingly, no dividends will be paid.

The Manager

N. M. Rothschild Asset Management (C.I.) Limited has been appointed to manage the Investments of each Currency Fund, to undertake the Company's administration and act as Registrar, under Investment Management and Management Agreements dated 1st July, 1980.

N. M. Rothschild Asset Management (C.I.) Limited, which is a wholly-owned subsidiary of N. M. Rothschild & Sons Limited, London, acts as the manager of substantial unit trusts and other similar funds in Guernsey.

Charges and Fees

The Manager will receive for its services out of the respective Currency Funds an aggregate monthly fee of $\frac{1}{16}$ per cent of the value of the net assets of each Currency Fund as computed for calculating Share prices. This fee cannot be increased without the agreement of shareholders in General Meeting. The Manager's out of pocket expenses in relation to its services to the Company will also be borne out of the Currency Funds.

Currency Funds

The assets and liabilities and income and expenditure allocated to each class of Shares will be applied to the Currency Fund relating to that particular class of Shares. The Manager will normally allocate the liabilities of the Company to the Currency Fund to which they relate or, if they do not relate to any particular Currency Fund, between all the Currency Funds pro rata to their net asset value. However, there may be exceptional circumstances in which the Manager with the approval of the auditors will be obliged to allocate them in a different way—for example, if the assets of a particular Currency Fund are inadequate to meet its liabilities. Certain powers are also given to the Liquidator in the event of the Company being wound up. Further information is contained in sections 5 and 6 of General Information.

Prices, Settlement and Valuations

After the initial offer, the prices at which Shares of each class will be provisionally allotted and redeemed will be calculated on each Dealing Day. The day on which settlement is due ("Settlement Day") will normally be two business days after the Dealing Day. The prices on each Dealing Day will be calculated by reference to the projected value of the net assets of the relevant Currency Fund as at the Settlement Day on the basis of information available on the Dealing Day.

As it is intended that the normal policy will be to hold most Investments until maturity, the Investments comprised within each Currency Fund will be valued on a straight line basis i.e. the total return which will be achieved by holding each Investment to maturity will be calculated and the appropriate portion will be added to its value day by day.

However, the Manager in its discretion, subject to the approval of the auditors, reserves the right to value the Investments of any Currency Fund on a different basis should this be considered more equitable. For example, in the event of a major change in interest rates or in the event of a likely capital loss, the valuation basis of the Investments affected might be adjusted to reflect their market values. The full valuation provisions are contained in the Company's Articles of Association, which are available for public inspection and copies of which are available on request.

In the event of the relevant foreign exchange or banking markets being closed, the Settlement Day and the issue and redemption prices for Shares where payment is to be made in a currency other than that in which the Shares are designated will differ from those applicable where payment is to be made in the same currency.

Further information on pricing is contained in section 1 of General Information.

Publication of Prices

Daily prices of Shares of each class will be published in the Financial Times and will be available from the Company. The prices published will be those applicable to payment in the currency in which the Shares are designated.

Redemption of Shares

Shares of each class may be redeemed on any Dealing Day by giving not less than seven days notice by telex or in writing specifying the number and class of Shares to be redeemed and giving payment instructions for the redemption proceeds. Notice received after 10.00 a.m. on any day, or on a day which is not a business day in Guernsey, will be deemed to have been received on the next business day. Payment of the redemption proceeds may be made in any of the currencies listed above, either by transfer to the Shareholder's bank account or by cheque posted to the Shareholder at his registered address. The Share Certificate (with the redemption request on the reverse duly completed) must be received by the Company in Guernsey not later than 10.00 a.m. Guernsey time on the Dealing Day.

The price at which Shares are redeemed will be the price calculated on the Dealing Day except as detailed in the fifth paragraph of section 1 of General Information. Payment instructions for the redemption proceeds to be paid on the Settlement Day will be given by the Company to its bankers in Guernsey or the appropriate cheque will be posted to the Shareholder at his risk. If the Share Certificate is not received by 10.00 a.m. on the intended Dealing Day the Shares will not be redeemed until it is so received in which event the redemption price will be the price ruling for that subsequent Dealing Day and settlement will take place accordingly.

All Shares of each class not previously redeemed will be redeemed by the Company on 31st December, 2080 or, if that is not a Dealing Day, on the next following Dealing Day, at the respective redemption prices on such day for settlement on the relative Settlement Days.

Conversion Between Classes of Shares

Shareholders have the right to convert all or part of their holdings of any one class of Shares into Shares of another class or classes by giving notice in writing or telex of their requirements. The same period of notice as for redemption will be required, followed by receipt by the Company of the old Share Certificate with the conversion request on the reverse duly completed.

Conversion may take place on any Dealing Day, subject to such notice, at a rate calculated by reference to the values of the Shares of the classes concerned on the appropriate Dealing Day (fractions being disregarded) after allowance for the costs of currency transfers between the appropriate Currency Funds.

The new Share Certificate will not be posted to the shareholder until the old Share Certificate, with the conversion request duly completed, has been received by the Company, but the conversion will not be delayed as a result.

The right to convert is dependent on the Company having sufficient available share capital to implement the conversion. The Manager will endeavour to procure that the available capital is at a level where this will normally be possible.

Further information is contained in section 2 of General Information.

Foreign Exchange Transactions

Where payments in respect of allotments or redemptions of Shares are to be made in a currency other than that in which the Shares concerned are designated, the necessary foreign exchange transactions will be arranged by the Company, normally with N. M. Rothschild & Sons (C.I.) Limited, on behalf of and for the account of the applicant or shareholder without responsibility as respects the Company.

Commissions

The Manager may at its discretion pay commission to investors' agents, without recourse to the Company. Such commissions will be calculated at 1/64 per cent per month of the month-end value of the Shares subscribed through the agent in question. Commission will normally be paid in the currency chosen by the agent concerned.

Taxation

The Company

It is not expected that the Company will incur any tax in Guernsey other than Guernsey corporation tax, at present £300 per annum.

It is intended that the Company will be resident in Bermuda and be subject to an annual registration fee, currently of B$1,500. It is not expected that the Company will be subject to any tax in Bermuda.

The Company has made enquiry in the countries in whose currencies the different classes of Shares are designated and, on the basis of the information received and having regard to the manner in which the Company proposes to conduct its operations, considers that it should not incur any taxes in those countries in normal circumstances.

Shareholders

Shareholders are not subject to any tax in Guernsey in respect of any Shares owned by them.

Shareholders are not subject to any tax in Bermuda with respect to Shares owned by them (except for shareholders domiciled or resident in Bermuda).

Clearance has been obtained from the Board of Inland Revenue of the United Kingdom under Section 464 of the Income and Corporation Taxes Act 1970 that the provisions of Section 460 of that Act (cancellation of tax advantages from certain transactions in securities) will not apply to the issue or redemption of Shares of any class.

For United Kingdom tax purposes, the proceeds on redemption of Shares will not, subject as mentioned below, constitute income unless the recipient is regarded as trading in securities, but any profits realised by a person resident or ordinarily resident in the United Kingdom, may be subject to tax on chargeable gains.

For persons resident or ordinarily resident in the United Kingdom for taxation purposes, conversion, as outlined above, should not rank as a disposal for capital gains tax purposes.

The attention of individuals ordinarily resident in the United Kingdom is drawn to Section 478 of the Income and Corporation Taxes Act 1970. This introduces provisions for preventing avoidance of income tax by individuals by transactions resulting in the transfer of income to persons (including companies) abroad and may render them liable to taxation in respect of undistributed income and profits of the Company.

Prospective investors should ascertain from their professional advisers the consequences to them of acquiring, holding, converting and redeeming Shares of any class under the relevant laws of the jurisdictions to which they are subject, including the tax consequences and any exchange control requirements.

Accounts

The Company's financial year will end on 30th June in each year, commencing on 30th June 1981. The Company's statutory accounts will consist of a revenue account and balance sheet expressed in United States dollars. However, for the convenience of shareholders revenue accounts and balance sheets will be produced in respect of each Currency Fund in the currency in which each Currency Fund is designated.

Meetings

The annual general meeting of shareholders of the Company will be held in Guernsey. Notice convening the annual general meeting will be forwarded to shareholders together with the annual report and accounts of the Company, normally in August each year commencing in August, 1981 and in any event not later than 21 days before the date fixed for the meeting. In addition, so as to comply with Guernsey law, a shareholders' meeting will be held between three and six months after the date the Company shall have the right to commence business.

General Information

(Expressions used below have the meanings ascribed to them in the Articles of Association of the Company)

1. Share Prices and Terms Following the Initial Offer

Shares of each class may be provisionally allotted on any Dealing Day for settlement on a particular Settlement Day at a subscription price per Share of that class determined by the Manager on the Dealing Day of not less than the redemption price for the class concerned on the same Dealing Day and for settlement on the same Settlement Day, and not more than a sum calculated by predicting (on the basis of information available at the time on that Dealing Day when the determination is being made) the value (calculated in accordance with the Articles of Association) of the net assets expected to be comprised within the relevant Currency Fund as at the Valuation Point (normally the opening of business in the relevant financial centre) on the Settlement Day (after adding thereto such sum as the Manager may consider represents the appropriate provision for Duties and Charges which would be incurred on the assumption that all the Investments expected to be comprised within the relevant Currency Fund are to be purchased or acquired at the Valuation Point on the Settlement Day) and dividing the value so predicted by the number of Shares of the class concerned expected to be in issue or deemed to be in issue at the Valuation Point on the Settlement Day and rounding the resultant amount upwards by not more than 0.1%.

Shares of each class may be redeemed on any Dealing Day for settlement on a particular Settlement Day at a redemption price per Share of that class determined by the Manager on the Dealing Day of not more than the subscription price for the class concerned on the same Dealing Day and for settlement on the same Settlement Day, and (subject as provided below) not less than a sum calculated by predicting (on the basis of information available at the time on that Dealing Day when the determination is being made) the value (calculated in accordance with the Articles of Association) of the net assets expected to be comprised within the relevant Currency Fund as at the Valuation Point (normally the opening of business in the relevant financial centre) on the Settlement Day (after deducting therefrom such sum as the Manager may consider represents the appropriate allowance for Duties and Charges in relation to the realisation of all the Investments expected to be comprised within the relevant Currency Fund on the assumption that such Investments are to be realised at the Valuation Point on the Settlement Day) and dividing the value so predicted by the number of Shares of the class concerned expected to be in issue or deemed to be in issue at the Valuation Point on the Settlement Day and rounding the resultant amount downwards by not more than 0.1%.

It is intended that in normal circumstances the subscription and redemption prices of Shares of a particular class on a particular Dealing Day for settlement on a particular Settlement Day will be the same. In order to ensure fairness between shareholders of any class, however, it may be necessary in certain circumstances for the subscription price of Shares of that class on that Dealing Day for settlement on that Settlement Day to be higher than the redemption price of Shares of that class on that Dealing Day for settlement on that Settlement Day. For example, if in order to meet redemptions it is necessary to realise Investments prematurely, any penalties or losses incurred may be reflected in the redemption price of the Shares concerned.

Shares will be provisionally allotted on terms that the applicant waives any right to receive notification thereof and that payment is due on the Settlement Day as determined by the Manager, and in the event of late arrival of funds the applicant may be required to compensate the Company for interest lost. Allotments will be treated as confirmed once the funds have been received.

If events occurring prior to 10.00 a.m. Guernsey time on the Settlement Day for redemption shall in the opinion of the Manager so require the Manager may, with the approval of the auditors, reduce the redemption price to take account of such events, and the amount payable on the Settlement Day will be reduced accordingly. The Manager shall be entitled to recover from the shareholder any over payment of redemption moneys which may in fact have been made.

In this prospectus, references are made to redemptions and conversions taking place on a Dealing Day for settlement on a particular Settlement Day. These are in fact subject to finalisation on the relevant Settlement Day, and the shareholder remains a shareholder, in the case of redemptions, until such Settlement Day and, in the case of conversions, retains the Shares of the original class until such Settlement Day.

2. Conversion

The rate at which all or any part of a holding of Shares of any class (the "original class") will be converted on any Dealing Day into Shares of another class (the "new class") either existing or determined by the Manager to be brought into existence will be determined in accordance (or as nearly as maybe in accordance, fractions being disregarded) with the following formula:—

$$N = \frac{K \times RP \times CF}{SP}$$

where:—

N is the number of Shares of the new class to be allotted;

K is the number of Shares of the original class to be converted;

RP is the redemption price per share of the original class ruling on the relevant Dealing Day for settlement on the relevant Settlement Day (the Settlement Day for the conversion being determined by the Manager in accordance with the Articles of Association) provided that if events occurring prior to 10.00 a.m. Guernsey time the Settlement Day shall in the opinion of the Manager so require the Manager may, with the approval of the Auditors, reduce RP to take account of such events;

CF is the currency conversion factor determined by the Manager on the Dealing Day (or, in the event that RP is recalculated between the Dealing Day and the Settlement Day, then at the time of such recalculation) as representing the effective rate of exchange applicable to the transfer of assets between the relative Currency Funds, after adjusting such rate as may be necessary to reflect the effective costs of making such transfer; and

SP is the subscription price for the new class ruling on the relevant Dealing Day for settlement on the relevant Settlement Day.

3. Restrictions on Holdings

The Company reserves the right to require the redemption of Shares acquired or held by any person in circumstances which appear to the Manager to be in breach of any applicable law or requirement or which, in the opinion of the Manager, might result in the Company suffering taxation or other pecuniary disadvantage which it would not have suffered if such person (whether alone or together with other persons) ceased to be a holder of Shares.

4. Temporary Suspension of Dealings

The Manager shall with the approval of the Auditors declare a suspension of the determination on any Dealing Day of the value as at any Settlement Day of the net assets expected to be comprised within any Currency Fund in the event that:—

(a) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable on that Dealing Day fairly to determine the value as at the Settlement Day of the net assets expected to be comprised within the Currency Fund concerned or it is likely that at some time on or before such Settlement Day it will not be reasonably practicable for the Company to realise or dispose of Investments comprised within such Currency Fund; or

(b) a breakdown occurs in any of the means normally employed by the Manager in predicting the value of Investments expected to be comprised within the relative Currency Fund or when for any other reason the Manager is of the opinion that it cannot reasonably predict the value of such Investments or other assets of the Company expected to be comprised within the relative Currency Fund as at the Valuation Point on the Settlement Day concerned.

No Shares of the class in question shall be provisionally allotted on a particular Dealing Day for settlement on a particular Settlement Day if on that Dealing Day the determination of the value as at that Settlement Day of the net assets expected to be comprised within the relative Currency Fund is suspended.

If on any Dealing Day on which the redemption or conversion of Shares is due to take place the determination of the value as at the relevant Settlement Day of the net assets expected to be comprised within the Currency Fund relating to the class of Shares being redeemed or converted is suspended the right of the shareholder to have such Shares redeemed or converted shall be similarly suspended and on any Dealing Day on which such redemption or conversion is so suspended he may withdraw his redemption notice or conversion notice and his certificate. Any such withdrawal shall be made in writing and shall not be effective until it has actually been received. If no such withdrawal is made the day on which the redemption or conversion of such Shares shall take place shall be the first Dealing Day on which such suspension ceases to apply.

Except as referred to above, redemption and conversion notices are irrevocable.

5. Currency Funds

There will be a separate Currency Fund for each class of Shares, to which the assets and liabilities and income and expenditure attributable or allocated to such class of Shares will be applied or charged and the following provisions apply thereto:—

(a) The proceeds from the allotment and issue of each class of Shares will be applied in the books of the Company to the Currency Fund established for that class of Shares, and the assets and liabilities and income and expenditure attributable thereto will be applied to such Currency Fund subject to the provisions set out below.

(b) The proceeds from the conversion of Nominal shares into Shares of any class, together (wherever possible) with an amount equivalent to the nominal value thereof, will be applied to the Currency Fund established for that class of Shares.

(c) Where any asset is derived from another asset (whether cash or otherwise), such derivative asset will be applied to the same Currency Fund as the asset from which it was derived and on each revaluation of an Investment the increase or diminution in value will be applied to the relevant Currency Fund.

(d) In the case of any asset (or amount treated as a notional asset) of the Company (not being attributable to the Deferred shares or Nominal shares) which is not considered attributable to a particular Currency Fund or Currency Funds, the Manager will have discretion, subject to the approval of the auditors, to determine the basis upon which any such asset shall be allocated between Currency Funds and to vary such basis from time to time, provided that the approval of the auditors is not required in any case where the Manager allocates the asset between all the Currency Funds pro rata to their predicted net asset values (calculated as though for the purpose of computing subscription prices on the basis of settlement on the normal Settlement Days.)

(e) Where the assets of the Company attributable to the Deferred shares or the Nominal shares give rise to any net profits, the Manager may, but is not obliged to, allocate assets representing such net profits to such Currency Fund or Currency Funds as it deems appropriate.

(f) The Manager will have discretion, subject to the approval of the auditors, to determine the basis upon which any liability shall be allocated between Currency Funds (including conditions as to subsequent reallocation thereof if circumstances so permit) and to vary such basis from time to time, provided that the approval of the auditors will not be required in any case where the Manager allocates the liability to the Currency Fund or Currency Funds to which in the Manager's opinion it relates or, if in the Manager's opinion it does not relate to any particular Currency Fund or Currency Funds, between all the Currency Funds pro rata to their predicted net asset values (calculated as though for the purpose of computing subscription prices on the basis of settlement on the normal Settlement Days).

(g) Subject to the approval of the auditors, the Manager may transfer any assets (or amounts treated as notional assets) to and from Currency Funds if, as a result of a creditor proceeding against certain of the assets of the Company or otherwise, a liability would be borne in a different manner from that in which it would have been borne under paragraph (f) above, or in any similar circumstances.

There are no Currency Funds for the Nominal shares or the Deferred shares, although in the books of the Company the assets of the Company attributable thereto will (except as provided in paragraph (c) above) be kept separately from the Currency Funds for the Shares.

6. Corporate Structure

The Company was registered with limited liability in Guernsey on 19th June, 1980 under the provisions of the Companies (Guernsey) Laws, 1908 to 1973. The constitution of the Company is defined in its Memorandum and Articles of Association. The Articles of Association may be altered by means of a Special Resolution of the Company passed in accordance with Guernsey law, namely by a resolution duly proposed and passed as a Special Resolution by not less than three-quarters of the votes recorded at a general meeting of the Company and duly confirmed by an absolute majority of the votes recorded at a second general meeting held within fifteen to thirty days after the first general meeting. To be valid, a copy of the Special Resolution under the seal of the Company has to be sent to H.M. Greffier. The Company has an authorised share capital of U.S.$150,100 divided into 100 Deferred shares of U.S.$1 each, which have been subscribed for in full in cash at par by or on behalf of the Manager, and 15,000,000 further shares of U.S. 1 cent each, which, pending allotment, are unclassified shares, and may be allotted as Participating Redeemable Preference Shares ("Shares") of any class or as Nominal shares. No class of shares in the Company carries the right to the payment of any dividend.

The various classes of shares and the rights attaching thereto are as follows:—

Participating Redeemable Preference Shares ("Shares")

On or before the allotment or provisional allotment of each Share, the Manager (on behalf, and subject to the overall supervision, of the Directors in accordance with the Management Agreement) determines the currency in which such Share shall be designated, and the Shares are divided into different classes according to the currency in which they are designated. All moneys payable on or in respect of a Share (including the subscription and redemption moneys in respect thereof) are payable in the currency in which such Share is designated. Pursuant to the initial offer, the Manager intends to designate classes of Shares in Financial Belgian francs, Canadian dollars, Deutschemarks, Dutch guilders, French francs, Italian lire, Singapore dollars, Sterling, Swiss francs and U.S. dollars. The Manager may in the future designate new classes of Shares in other currencies. Holders of Shares of each class are entitled to receive notice of General Meetings and to attend and vote thereat. On a poll, a holder is entitled to one vote for each Share of any class held. The redemption and conversion rights attached to Shares are described above.

Deferred shares

The Deferred shares exist solely to comply with Guernsey law, which requires that the Shares have a preference over another class of capital in order that they may be redeemable. The holders of the Deferred shares are entitled to receive notice of General Meetings and to attend and vote thereat. On a poll a holder of Deferred shares is entitled to one vote for each such share held by him. Deferred shares are not redeemable.

Unclassified shares

These may be issued as Participating Redeemable Preference Shares ("Shares") of any class or as Nominal shares.

Nominal shares

Nominal shares can only be issued at par and for the purpose of producing funds for the redemption of the par value of Shares of the various classes. Nominal shares are redeemable at par. Nominal shares may be converted into Shares of any class at a price per share equal to the appropriate subscription price for the class concerned less an amount equivalent to the nominal value thereof. Holders of the Nominal shares are entitled to receive notice of General Meetings and to attend and vote thereat. On a poll a holder is entitled to one vote in respect of all Nominal shares held by him. All Nominal shares will be issued to the Manager.

Rights on a winding up

In the event of the Company being wound up the Liquidator will apply the assets of the Company in satisfaction of creditors' claims in such manner and order as he thinks fit. The Liquidator will in relation to the assets available for distribution among the Members make such transfers thereof to and from Currency Funds as may be necessary in order that the effective burden of such creditors' claims may be shared between the holders of shares of different classes in such proportions as the Liquidator thinks equitable having regard to the provisions set out in section 5 of General Information. The assets available for distribution among the Members will then be applied in the following priority:—

(a) First, in the payment to the holders of the Shares of each class of a sum in the currency in which that class is designated as nearly as possible equal (at the middle-market rate of exchange prevailing in the foreign exchange market at a time selected by the Liquidator which is within the fourteen days immediately preceding the date of such payment) to the nominal amount of the Shares of such class held by such holders respectively provided that there are sufficient assets available in the relevant Currency Fund to enable such payment to be made. In the event that, as regards any class of Shares, there are insufficient assets available in the relevant Currency Fund to enable such payment to be made, recourse will be had:—

(i) first, to the assets of the Company not comprised within any of the Currency Funds; and

(ii) secondly, to the assets remaining in the Currency Funds for the other classes of Shares (after payment to the holders of the Shares of the classes to which they relate of the amounts to which they are respectively entitled under this paragraph (a)) pro rata to the total value of such assets remaining within each such Currency Fund.

(b) Secondly, in the payment to the holders of the Nominal shares of sums up to the nominal amount paid up thereon out of the assets of the Company not comprised within any of the Currency Funds remaining after any recourse thereto under paragraph (a)(i) above. In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse will be had to the assets comprised within any of the Currency Funds.

(c) Thirdly, in the payment to the holders of the Deferred shares of sums up to the nominal amount paid up thereon out of the assets of the Company not comprised within any of the Currency Funds remaining after any recourse thereto under paragraph (a)(i) above and after payment in full to the holders of the Nominal shares under paragraph (b) above. In the event that there are insufficient assets as aforesaid to enable such payment in full to the holders of the Deferred shares to be made, no recourse will be had to the assets comprised within any of the Currency Funds.

(d) Fourthly, in the payment to the holders of each class of Shares of any balance then remaining in the relevant Currency Fund, such payment being made in proportion to the number of Shares of that class held.

(e) Fifthly, in the payment to the holders of the Nominal shares of any balance then remaining and not comprised within any of the Currency Funds, such payment being made in proportion to the number of Nominal shares held.

Variation of Class Rights

A. Subject to the provisions of Guernsey law, all or any of the special rights for the time being attached to any class of shares for the time being issued may (unless otherwise provided by the terms of issue of the shares of that class) from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of an Extraordinary Resolution (as defined in the Articles of Association) passed at a separate general meeting of the holders of such shares on the Register at the date on which notice of such separate general meeting is given. For such purposes the Directors may treat all the classes of Shares as forming one class if they consider that all such classes would be affected in the same way by the proposals under consideration but in any other case, shall treat them as separate classes. To any such separate general meeting all the provisions of the Articles of Association as to General Meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be two members holding or representing by proxy not less than one-third of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those holders of shares of the class who are present shall be a quorum), that every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him and that any holder of shares of the class present in person or by proxy may demand a poll.

B. The rights attached to each class of Shares shall be deemed to be varied by the creation or issue of any shares (other than Shares of any class) ranking pari passu with or in priority to them as respects participation in the profits or assets of the Company.

C. Subject to paragraph B above, the special rights attached to any class of shares having preferential rights shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by:—

(a) the creation, allotment or issue of further shares ranking pari passu therewith; or
(b) by the creation, allotment or issue of Deferred shares; or
(c) by the creation of unclassified shares; or
(d) by the allotment, issue or redemption of Shares of any class; or
(e) by the conversion of Shares of any class into Shares of another class as provided for in the Articles of Association; or
(f) by the allotment, issue or redemption of Nominal shares; or
(g) by the conversion of Nominal shares into Shares as provided for in the Articles of Association; or
(h) by the exercise of the powers to allocate assets (or amounts treated as notional assets) and charge liabilities to the various Currency Funds, and to transfer the same to and from Currency Funds, as referred to in section 5, and under "Rights on a winding up" in this section, of General Information.

Minimum Valuation

If on any Dealing Day the aggregate of the predicted net asset values of all the Currency Funds (calculated as though for the purpose of computing subscription prices on the basis of settlement on the normal Settlement Days) shall be less than the equivalent of U.S.$5,000,000 the Company may on that Dealing Day (or such other Dealing Day within one month thereafter as the Manager may determine), redeem at the respective redemption prices on such Dealing Day for settlement on the respective relevant Settlement Days, all (but not some) of the Shares not previously redeemed.

7. Guernsey Law Relating to Redeemable Preference Shares

Section 3 of the Companies (Guernsey) Law, 1973 relating to redeemable preference shares provides as follows:—

"(1) A company, if so authorised by its articles, may—

(a) subject to the provisions of this section, issue preference shares which are, or at the option of the company are liable, to be redeemed;

(b) subject to the provisions of section fourteen of this Law, convert the whole, or any particular class, of its preference shares into redeemable preference shares:

Provided that—

(i) no such shares shall be redeemed except out of profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption;

(ii) no such shares shall be redeemed unless they are fully paid;

(iii) the premium, if any, payable on redemption, shall have been provided for out of the profits of the company or out of the company's share premium account before the shares are redeemed;

(iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend be transferred to a reserve fund, to be called "the capital redemption reserve fund", a sum equal to the nominal amount of the shares redeemed, and the provisions of this Law relating to the reduction of the share capital of a company shall, except as provided in this section, apply as if the capital redemption reserve fund were paid-up share capital of the company.

(2) Subject to the provisions of this section, the redemption of preference shares thereunder may be effected on such terms and in such manner as may be provided by the articles of the company.

(3) The redemption of preference shares under this section by a company shall not be taken as reducing the amount of the company's authorised share capital.

(4) Where in pursuance of this section a company has redeemed or is about to redeem any preference shares, it shall have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued, and accordingly the share capital of the company shall not for the purposes of any enactment relating to stamp duty or other duty payable on documents registered at the Greffe be deemed to be increased by the issue of shares in pursuance of this subsection: Provided that, where new shares are issued before the redemption of the old shares, the new shares shall not, so far as relates to stamp duty or other duty payable on documents registered at the Greffe, be deemed to have been issued in pursuance of this subsection unless the old shares are redeemed within one month after the issue of the new shares.

(5) Where in pursuance of this section a company has redeemed any preference shares it shall within one month after so doing give notice thereof in writing to Her Majesty's Greffier who shall register such notice in the register.

(6) If default is made in complying with the provisions of subsection (5) of this section, the company and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable on conviction to a fine not exceeding five pounds for every day during which such default continues.

(7) The capital redemption reserve fund may, notwithstanding anything in this section, be applied by the company in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares."

8. Report of the Auditors of the Company

The Directors,
Old Court International Reserves Limited

10 Lefebvre Street,
Guernsey, C.I.
21st July, 1980

Dear Sirs,

Your Company was registered under the laws of Guernsey on 19th June, 1980. As at the date of this letter it has not traded and no accounts have been prepared and no dividends paid.

Yours faithfully,
PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants

9. Borrowings

The Company does not have any debentures, loan capital, mortgages, charges (save for the lien referred to in section 12 of

Crown House tops £4.5m

FOLLOWING the midway rise from £1.48m to £1.69m and expectations of higher profits for 1979-80, the directors of Crown House report a pre-tax figure of £55m for the year to March 31, 1980 compared with £4.05m previously.

Trading is reasonably buoyant in most divisions says Mr. Edge-Partington, chairman, but he warns that it is becoming increasingly doubtful whether a higher profit will be achieved in the current year.

Since March, there has been a noticeable downturn in demand for certain glassware products and overseas engineering contracts are proving more difficult to obtain at adequate margins, the chairman adds.

Turnover in 1979-80 increased from £107.56m to £153.86m and reflects the invoicing of certain large but uneconomic contracts undertaken in the west region of Crown House Engineering, including the submarine base at Devonport. This region has been reorganised and is now trading satisfactorily, says the chairman.

Stated earnings per share are 17p against 12.3p. The final dividend is 3p per share lifting the total from 4.5p to 5.25p net.

A profit analysis shows electrical and mechanical services contributed £2.32m (£1.12m), glassware £1.43m (£1.75m), property development and finance £405,000 (£866,000), employment services £370,000 (£291,000) and hotel management £24,000 (£35,000).

A professional valuation of the principal freehold and leasehold properties was carried out at March 31, 1980 and shows a £3.3m surplus before tax, over book value.

	Year 1979-80 £000	1978-79 £000
Turnover	153,837	107,564
Profit before tax	4,552	4,053
Tax	2,013	1,545
Net profit	2,539	2,508
Minorities losses	114	69
Attributable	2,653	2,577
Extraord. credits	1,677	74
Balance	4,330	2,651
Dividends	1,207	1,003

In the past, full provision has been made for deferred tax. A change of accounting policy has been made to adopt SSAP 15—nevertheless, full provision is still made in all companies other than the merchanting companies within the electrical and mechanical services division.

Extraordinary items include the profit on disposal of the Redhill property of £2.4m (after tax of £1m) less the deficit on conversion of foreign assets, and diminution of the value of the 29.98 per cent holding in Denbyware.

Group net assets (excluding the surplus on revaluation of properties) expanded during the year from £15.2m to £19.5m. Net cash balances at March 31, 1980 (including the proceeds of the sale of Redhill received on April 1, 1980) were £1.6m (£3.7m). Capital expenditure during the year amounted to £6m (£3m).

● comment

The 12 per cent profits rise at Crown House hardly reflects the trading picture since the Best and May acquisition has chipped in £386,000 and the previous year suffered from a £600,000 provision against a contract. The underlying deterioration is likely to continue this year, even though several large and unprofitable contracts are now out of the way, and the contracting margin of under 2 per cent leaves the group with little insulation against recession. In its favour is a strong balance sheet which, including the latest property revaluation, produces net assets per share of around £1. This undoubtedly provides support for the share price which, at 63p, offers a multiple of five times reported earnings. Overseas, a management problem has apparently been corrected in South Africa and orders are building up for the Western Australian division but it will probably be several years before the foreign operations are contributing a satisfactory profit. The yield is 12.5 per cent.

Mr. James Edge-Partington, chairman of Crown House.

Mercury Secs. board changes

The annual report and accounts of Mercury Securities for 1979-80 reveal several changes in the board structure.

Mr. D. G. Scholey joins Mr. G. C. Seligman as a deputy chairman and Mr. G. K. Elliott, Mr. O. M. Lewisohn and Mr. P. M. Stormonth Darling are being appointed vice-chairmen.

Mr. G. Kraijenhoff, Mr. M. Kreifels and Dr. E. Stopper, who are the Dutch, German and Swiss directors respectively of the banking subsidiary, S. G. Warburg have been appointed to the board.

Lord Roll of Ipsden, Mercury's chairman, says the growth of the activities of S. G. Warburg has made it advisable to strengthen the management structure.

The title and function of managing director has been introduced to reflect more clearly senior management responsibilities. Mr. G. K. Elliott, Mr. O. M. Lewisohn and Mr. P. M. Stormonth Darling have been appointed managing directors and Viscount Garmoyle and Mr. J. C. Orr have been appointed senior directors.

In his review of the year to March 31, 1980, Lord Roll says the merchant banking business continued to be active both at home and internationally. Considerable progress was again achieved by Warburg Investment Management.

Not only did the size of the existing portfolios grow but the company and its subsidiary, Warburg Investment Management International were entrusted with the management of additional portfolios, particularly those of UK and U.S. pension funds. Funds under management now amount to some £2bn.

During the year, the Becker Warburg Paribas Group shareholding arrangements were modified following fulfilment of certain provisions of the original partnership agreement of 1974.

As a result, the joint interest with the Paribas group in Becker Warburg Paribas has increased from some 20 per cent to 40 per cent.

Mercury achieved a profit after tax and transfer by S. G. Warburg to inner reserves, of £15.25m (£14.15m) with merchant banking contributing £10.01m (£9.62m).

The balance sheet of Mercury shows investments of £67.97m (£59.21m). Current assets of £887.53m (£730.3m) includes money at short notice, £163.85m (£96.05m), other loans to banks and local authorities, £194.2m (£145.2m) and loans, advances and other accounts of banking companies, £200.9m (£173.9m).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Bootham Engineers, Eurotherm International, Gillett Brothers Discount, Hawley Leisure, Vantage Securities.

Finals: Amalgamated Distilled Products, Arlington Motor, Astra Industrial, Dowty, Hogg Robinson, MFI Furniture, Neepsend, Benjamin Priest, Wheeler's Restaurants, Wyndham Engineering.

FUTURE DATES

Interims:	
Concord Rotaflex	July 25
Eucalyptus Pulp Mills	July 23
Finals:	
Gnome Photographic Products	Aug. 4
Gordon and Gotch	July 24
Heath (Samuel)	Aug. 18
Stirling Knitting	July 25
Ward and Goldstone	July 28

Lambert Howarth deficit

For the interim period to June 21, 1980, Lambert Howarth Group, a substantial supplier of footwear to Marks & Spencer, reports a pre-tax loss of £282,518 compared with profits of £196,145 in the same period last year. However, the interim dividend is held at 1.15p per share.

The directors say the recession in the retail footwear industry has caused a further erosion of margins due to increased import competition and higher stocks of finished shoes.

These are covered by firm contracts and will eventually be delivered. The delayed off-take has resulted in higher than normal interest charges and unrealised inventory profits—these profits are of the same order as the pre-tax loss now reported.

Turnover for the period was steady at £6.11m. The loss is after all charges including depreciation of £117,775 (£99,800) but before a tax credit of £137,000 (£102,000 charge).

For 1979, the group reported a pre-tax profit of £722,000 and paid a total dividend of 4.06p.

B. FERTLEMAN

The listing of B. Fertleman and Sons, furniture maker, was cancelled from 9.30 am yesterday. The company has been placed in creditors voluntary liquidation.

OIL AND GAS NEWS

Woodada 2 nears crucial zone

BY STEPHEN THOMPSON

THE EAGERLY awaited first drilling report from the Woodada No. 2 appraisal well in the Perth Basin of Western Australia proved something of an anti-climax yesterday as initial stock market disappointment saw shares of Strata Oil, which has a 26.95 per cent interest in the Woodada prospect, fall 12p to 52p.

Woodada No. 2 is being drilled to determine the extent of the Woodada No. 1 gas discovery, made at the end of May, which flowed gas at a rate of 12.38m cubic feet a day.

In the drilling report Strata said that a core was cut from 2,280 to 2,299 metres and showed gas over a large proportion of its length accompanied by traces of oil.

Electric logs run over the interval 2,050 to 2,299 metres indicated the presence of hydrocarbons. An open hole drill stem test was conducted to evaluate the potential of this section.

The test produced a flow of wet gas in non-measurable quantities over the interval 2,165 to 2,299 metres. At the end of the test the tool yielded heavily gas cut mud and traces of crude oil. The well is now drilling ahead to its projected target depth of 2,375 metres.

At this stage of drilling the initial results from Woodada No. 2 are by no means discouraging. The presence of hydrocarbons in what are interpreted to be triassic sands and shales in the interval 2,050 to 2,299 was not apparent in Woodada No. 1 and the main zone of interest—between 2,300 and 2,400 metres—has yet to be intersected.

The target zones should be met in the next day or so and some lively stock market action seems assured.

Hughes and Hughes of Texas has a 65 per cent interest in the Woodada find

Dunlop (SA) rises midyear

First-half trading profits of Dunlop International's 70 per cent owned South African subsidiary rose from R7.02m to R9.81m on improved demand for motor industry original equipment, flooring products and consumer goods.

Turnover rose 19 per cent to R73.2m, of which 5 per cent represented real growth, say the directors. They expect second-half profits and turnover to be similar—for the last full year, trading profits were R15.89m.

On a cautionary note, they say that although demand for industrial products was strong at the start of the year, it has weakened recently.

General Information), borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, or guarantees or (save as disclosed herein) other material contingent liabilities.

Under the Articles of Association of the Company, the Directors may exercise the Company's powers to borrow and to charge its assets, but they are required to restrict the borrowing of the Company and to exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary companies (if any) so as to secure (as regards subsidiary [illegible]

(g) Save as disclosed herein:—
- (i) No shares or loan capital of the Company have been or are agreed or proposed to be issued as fully or partly paid up otherwise than in cash;
- (ii) No commissions, discounts, brokerages or other special terms have been granted or are payable by the Company in connection with the issue or sale of any capital of the Company;
- (iii) No shares or loan capital of the Company are under option or agreed conditionally or unconditionally to be put under option;
- (iv) There is no property purchased or acquired by the Company or proposed to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of this issue or the purchase or acquisition of which has not been completed at the date of issue of this prospectus;
- (v) No amount or benefit has been paid or given (or is intended to be paid or given) to any promoter;
- (vi) No Director of the Company has any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to, the Company, or are proposed to be acquired, disposed of by or leased to the Company, nor is there any contract or arrangement subsisting at the date of this prospectus in which a Director is materially interested and which is significant in relation to the business of the Company;
- (vii) None of the Directors of the Company has an interest in the share capital of the Company which would be required to be shown in the register maintained under the provisions of the Companies Act 1967 of Great Britain if the Company were subject to the provisions of that Act.

(h) Sir James Pearman is a partner of Conyers, Dill & Pearman, which will receive a fee estimated at U.S.$2,000 in respect of its professional services in relation to the formation and launch of the Company.

(i) The provisions of Sections 50 and 51 of the Companies Act 1948 of Great Britain (other than the penal provisions), so far as applicable having regard to Section 419 of that Act, shall apply to this offer and the allotment of Shares in pursuance of this prospectus.

(j) The distribution of this prospectus and the offering of Shares may be restricted in certain jurisdictions; persons into whose possession this prospectus comes are required by the Company and the Manager to inform themselves of and to observe any such restrictions. This prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No person has been authorised to give any information or to make any representations, other than those contained in this prospectus, in connection with the offering of Shares and, if given or made, such information or representations must not be relied on as having been authorised by the Company or by the Manager. The allotment or issue of Shares shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof.

(k) Shares may not be acquired or held beneficially by any person resident for tax purposes in Guernsey, Alderney or Herm.

(l) The Shares have not been registered under the United States Securities Act of 1933 and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a United States person. For this purpose, United States person includes a national or resident of the United States of America, a partnership organised or existing in any state, territory or possession of the United States of America, a corporation organised under the laws of the United States of America or of any state, territory or possession thereof, or any estate or trust, other than an estate or trust the income of which from sources outside the United States of America (which is not effectively connected with the conduct of a trade or business within the United States of America) is not included in gross income for the purposes of computing United States federal income tax. The attention of United States persons is drawn to the paragraph headed "Restrictions on Holdings" above and the compulsory redemption powers of the Company mentioned therein.

(m) This prospectus does not constitute an offer of Shares for subscription at any time after 29th July, 1980.

15. Material Contracts

The following contracts have been entered into prior to the date of this prospectus and are material:—

1. Management Agreement dated 1st July, 1980 between (1) the Company and (2) N. M. Rothschild Asset Management (C.I.) Limited (the "Manager"), subject to the overall supervision of the Directors, with powers of delegation, to manage the Company's administrative affairs, to act as its registrar and to distribute and promote the distribution of its Shares for a monthly fee in respect of each Currency Fund at the rate of 0.5 per cent. per annum of the value of the net assets comprised within each Currency Fund, together with reimbursement of its out of pocket expenses in relation to its services to the Company. The costs and expenses of the Manager of and incidental to the promotion and launch of the Company (including the application to The Stock Exchange for listing) and of and incidental to the negotiation, preparation and execution of the Agreement are payable by the Company. The Agreement contains provisions indemnifying and exempting the Manager from liability not due to its wilful default. For the purposes of carrying out its duties under the Agreement, certain of the functions, duties, powers and discretions of the Directors are exercisable by the Manager. In the event of the termination of the Management Agreement, these functions, duties, powers, and discretions would revert to the Directors. The Agreement may be terminated by, inter alia, 90 days notice in writing given by either party to the other.
2. Investment Management Agreement dated 1st July, 1980 between (1) the Company and (2) N. M. Rothschild Asset Management (C.I.) Limited, whereby the Company appointed N. M. Rothschild Asset Management (C.I.) Limited (the "Investment Manager"), subject to the overall supervision of the Directors, to manage the Company's investments and to undertake safe custody for a monthly fee in respect of each Currency Fund at the rate of 0.25 per cent. per annum of the value of the net assets comprised within each Currency Fund, together with reimbursement of its out of pocket expenses in relation to its services to the Company. The costs and expenses of the Investment Manager of and incidental to the negotiation, preparation and execution of the Agreement are payable by the Company. The Agreement contains provisions indemnifying and exempting the Investment Manager from liability not due to its wilful default. For the purposes of carrying out its duties under this Agreement, certain of the functions, duties, powers and discretions of the Directors are exercisable by the Investment Manager. In the event of the termination of the Investment Agreement, these functions, duties, powers and discretions would revert to the Directors. The Agreement may be terminated by, inter alia, 90 days notice in writing given by either party to the other.
3. Secretary's Agreement dated 1st July, 1980 between (1) the Company and (2) Bermuda Shield Trustee Company Limited whereby the Company appointed Bermuda Shield Trustee Company Limited to act as its Secretary for an annual fee of £500 together with reimbursement of expenses. The costs and expenses of the Secretary of and incidental to the negotiation, preparation and execution of the Agreement are payable by the Company. The Agreement exempts the Secretary from liability to the Company not due to its wilful default or gross negligence. The Agreement may be terminated, by inter alia, 90 days notice in writing by either party to the other.

16. Documents Available for Inspection

Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company and at the offices of its Stockbrokers until 29th July, 1980:—
1. the Memorandum and Articles of Association of the Company;
2. the Material Contracts described above;
3. the report and consent of Peat, Marwick, Mitchell & Co. referred to above; and
4. the Companies (Guernsey) Laws, 1908 to 1973.

Copies of the Company's prospectus and application forms may be obtained from the Manager and from de Zoete & Bevan, 25, Finsbury Circus, London EC2M 7EE.

Application Procedure

Application may be made either by telex in the form set out below or on the Application Form. Investors are advised to apply by telex wherever possible to avoid delay in the allotment of their Shares. An applicant may make a remittance in any of the ten currencies listed above, as detailed in "Foreign Exchange Transactions".

Telex Application

In order to be allotted shares in the initial offer a telex in the following form must be received by the Company in Guernsey not later than 10.00 a.m. on 29th July, 1980. Payment for the shares must be made to the appropriate Correspondent Bank shown below on 31st July, 1980.

Thereafter telex applications may be made on any business day in Guernsey ("Dealing Day"). Payment must be made to the appropriate Correspondent Bank of N. M. Rothschild & Sons (C.I.) Limited on the Settlement Day which will normally be two business days after the Dealing Day. For this purpose, business day means a day on which banks are open in the financial centre for the currency in which the Shares applied for are designated and, if your remittance is to be in a different currency, in the financial centre for that currency also. The appropriate Correspondent Bank is that for the currency of your remittance.

Your application telex to the Company should be in the following form:—

"To Old Court International Reserves Limited,
c/o N. M. Rothschild Asset Management (C.I.) Limited, Guernsey, C.I.
Telex Nos. 4191673 or 4191507.
I/We apply to invest in (*state currency class*) Shares of Old Court International Reserves Limited, subject to its Memorandum and Articles of Association and advertised prospectus.
For this purpose I/we have instructed (*state name and address of your bank*) to remit (*state currency amount*) to (*state name of Correspondent Bank, city and account number**) for the account of "N. M. Rothschild & Sons (C.I.) Limited re Old Court International Reserves Limited" on (*state Settlement Day*).
I/We declare that the Shares are not being acquired directly or indirectly by a U.S. Person** nor in violation of any applicable law and that they will not be owned beneficially by a resident of Guernsey, Alderney or Herm.
I/We request that Shares be registered in the name of (*state name and address*) and the certificate sent to (*state name and address*).
From (*state name, address, telephone and telex no. of applicant*)."

In addition you must instruct your bank to make the payment referred to in the telex for value on the appropriate Settlement Day.

** A list showing details of the Correspondent Banks and account numbers to be used for the various currencies is set out below.*
*** If you are unable to make this declaration, you may still be able in certain circumstances to subscribe for Shares, but you should contact the Manager for details first. "U.S. Person" includes a national or resident of the United States of America, a partnership organized or existing in any state, territory or possession of the United States of America, a corporation organized under the laws of the United States of America or of any state, territory or possession thereof, or any estate or trust, other than an estate or trust the income of which from sources outside the United States of America (which is not effectively connected with the conduct of a trade or business within the United States of America) is not included in gross income for the purposes of computing United States federal income-tax. For the purposes of this definition "United States of America" includes the United States of America, its territories and possessions and areas subject to its jurisdiction.*

Written Application

If you apply on the Application Form payment should be by cheque in favour of Old Court International Reserves Limited. It should be noted that cheques particularly for currencies other than sterling will take a long time to clear, and applications will not be dealt with until the Dealing Day on which notification is received from the Company's bankers, prior to 10.00 a.m., that the cheque has been cleared. Accordingly Shares will not be allotted in the initial offer in respect of written applications unless the accompanying cheque has been cleared by 10.00 a.m. on 29th July, 1980.

Advice Notes

Advice Notes will be sent to applicants or their agents showing details of the transaction. Any investor who has not given the necessary status and residence declaration will be required to complete and return to the Company within one month, a copy of the Advice Note which includes such a declaration and registration particulars. Shares, although allotted, will not actually be issued before the Company has received a satisfactory declaration. If no declaration is received within one month after the Dealing Day the Company may cancel the allotment.

Certificates

Certificates representing the Shares issued will normally be despatched within seven days after the Settlement Day.

Fractions of Shares will not be allotted and any excess application moneys will be retained for the benefit of the Currency Fund concerned. The Company reserves the right to reject any application in whole or in part, in which event the application moneys or any balance will be returned by post at the risk of the applicant.

Correspondent Banks

The Correspondent Banks of N. M. Rothschild & Sons (C.I.) Limited for receipt or payment of subscription and redemption moneys:—

CURRENCY	CORRESPONDENT BANK	ACCOUNT
Financial Belgian Francs	Banque de Commerce, S.A., Foreign Department, 51/52 Avenue des Arts, B-1040 Brussels, Belgium.	N. M. ROTHSCHILD & SONS (C.I.) LIMITED ACCOUNT No. 002.610.2087300-48
Canadian Dollars	The Bank of Nova Scotia, 44 King Street West, Toronto, Ontario, Canada, M5H 1H1	N. M. ROTHSCHILD & SONS (C.I.) LIMITED ACCOUNT No. 15662-10
Deutschemarks	Chase Bank, A.G., Headquarters, P.O. Box 4428, Taunusanlage 11 6000 Frankfurt/Main, Germany.	N. M. ROTHSCHILD & SONS (C.I.) LIMITED ACCOUNT No. 623-12-01689
Dutch Guilders	Nederlandse Credietbank, N.V., Herengracht 458, P.O. Box 941, Amsterdam, The Netherlands.	N. M. ROTHSCHILD & SONS (C.I.) LIMITED ACCOUNT No. 23.61.72.514
French Francs	The Chase Manhattan Bank, N.A., 41 Rue Cambon, 75001 Paris, France.	N. M. ROTHSCHILD & SONS (C.I.) LIMITED ACCOUNT No. 609.1.10256.3
Italian Lira	The Chase Manhattan Bank, N.A., C.P. 1272, 20100 Milan, Piazza Meda 1, 20121 Milan, Italy.	N. M. ROTHSCHILD & SONS (C.I.) LIMITED ACCOUNT No. 601 003289-1
Singapore Dollars	The Chase Manhattan Bank, N.A., Private Mail Bag 3012, 4 Shenton Way Singapore 1, Singapore.	N. M. ROTHSCHILD & SONS (C.I.) LIMITED ACCOUNT No. 121-45743-2
Sterling	National Westminster Bank Limited, 35 High Street, St. Peter Port, Guernsey, Channel Islands.	N. M. ROTHSCHILD & SONS (C.I.) LIMITED ACCOUNT No. 06038174
Swiss Francs	Chase Manhattan Bank (Switzerland) 63 Rue du Rhone, 1204 Geneva, Switzerland.	N. M. ROTHSCHILD & SONS (C.I.) LIMITED ACCOUNT No. GAT 063 0300101
United States Dollars	The Chase Manhattan Bank, N.A., 1 New York Plaza, New York, New York 10081, U.S.A.	N. M. ROTHSCHILD & SONS (C.I.) LIMITED ACCOUNT No. 0011948726

Dated 21st July, 1980.

Old Court International Reserves Limited

Application Form

To: Old Court International Reserves Limited,
c/o N. M. Rothschild Asset Management (C.I.) Limited,
P.O. Box 58, St. Julian's Court, St. Peter Port, Guernsey, C.I.
Telephone: Guernsey (0481) 26741 & 26331
Telex: 4191673 & 4191507

I/We hereby acknowledge that I/we have received and considered the advertised prospectus relating to Old Court International Reserves Limited and that this application is made on the terms thereof and subject to the provisions of the Memorandum and Articles of Association of Old Court International Reserves Limited.

I/We apply to invest in__________* Shares of Old Court International Reserves Limited.

For this purpose I/we enclose a remittance for__________** payable to Old Court International Reserves Limited.

I/We request that the Shares be registered in the name(s) set out below.

I/We hereby declare that the Shares are not being acquired directly or indirectly by a U.S. person *** nor in violation of any applicable law and that they will not be owned beneficially by a resident of Guernsey, Alderney or Herm.

(PLEASE USE BLOCK LETTERS)

Name of Applicant(s) (in full)__________

Address(es)__________

Date__________1980

Signature(s)__________

This application form may be signed by a duly authorised agent of the applicant(s).

** State currency class of Shares required.*
*** Payment may be made in any of the ten currencies listed above. Please refer to "Foreign Exchange Transactions" above.*
**** "U.S. Person" includes a national or resident of the United States of America, a partnership organized or existing in any state, territory or possession of the United States of America, a corporation organized under the laws of the United States of America or of any state, territory or possession thereof, or any estate or trust, other than an estate or trust the income of which from sources outside the United States of America (which is not effectively connected with the conduct of a trade or business within the United States of America) is not included in gross income for the purposes of computing United States federal income tax. For the purposes of this definition "United States of America" includes the United States of America, its territories and possessions and areas subject to its jurisdiction.*
If you are unable to make this declaration, you may still be able in certain circumstances to subscribe for Shares, but you should contact the Manager for details first.

SPACE-AGE PINBALL SENDS EARNINGS SOARING

Warner and Bally battle for the video game market

BY CARLA RAPOPORT IN NEW YORK

IT MAY be the machine's pulsating electronic beat or perhaps its power to destroy advancing creatures and hurtling asteroids, but whatever the fascination of coin-operated video machines, their run-away popularity has sent the sales and earnings of their two major U.S. manufacturers soaring.

The acceptance of these Space Age descendants of the pinball machine at pubs, restaurants, shopping centres and amusement arcades throughout the U.S. and Europe, has been providentially timed for Warner Communications, the U.S. communications and entertainment group and its rival, Bally Manufacturing, a U.S. gambling and entertainment company.

In tune with the slow-down in the American economy, the operating income of every other division of Warner Communications — from publishing to films and records — dropped in the second quarter and first six months of this year compared to last. But the company's toys and electronic games division, which manufactures its video games, did a smart about-turn from a net operating loss of $1.6m in the second quarter of 1979 on sales of $45m to an operating profit of $16.1m on sales of $109m.

Net income for the whole company was up 27 per cent for the quarter to $25.5m from $20.1m last year, while sales rose to $449.9m from $348m.

Mr. Steven Ross, chairman of Warner, said flatly that the subsidiary which manufactures the Atari video games "led the toys and games division to the highest quarterly earnings in its history and was responsible for the company's record second-quarter operating income."

At Bally Manufacturing, earnings per share declined in the first quarter of this year to 31 cents from 38 cents last year and the group's hotel-casino in Atlantic City lost money in its first quarter of operation.

The company refuses to distinguish between the operating income of its various divisions, but Mr. Jerry Blumenshine, corporate controller, says that sales of its coin-operated video games should increase sevenfold from 1978 sales of $21.5m to some $152m this year and is a "major factor in increased company profits."

Clearly the fastest-growing sector in the Bally group, coin-operated video games are expected to account for nearly a quarter of the company's estimated sales of $650m this year, and more than a third of its projected net profits of about $68m.

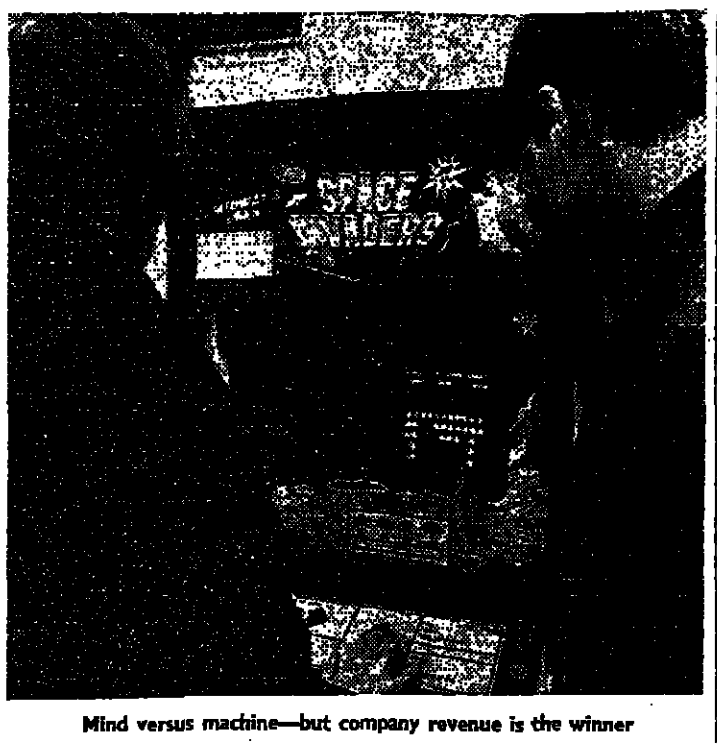
As Bally and Warner began manufacturing the machines only in 1978, this growth still surprises corporate executives.

"We hit the market in late '78," said Mr. Emanuel Gerard, Warner's executive officer for the toys and games division, "and the game just went and went. Pretty soon, the video games were cannibalising the pinball machine locations—it was really mind-boggling."

Analysts and industry executives forecast that the world market for coin-operated video games, outside Japan, will more than double to $375m this year, while pinball machine sales are expected to stay flat at about $500m and then decline. It is estimated that Bally and Warner will continue to hold 70 per cent of the video game market outside Japan.

The games were invented in Japan in the mid-1970s and swiftly became so popular that the country ran into a shortage of Y100 coins and the main manufacturer, Taito, could scarcely keep up with demand.

Taito sold a licence to manufacture its most popular game, Space Invaders, to Bally in late 1978. In the next year, Bally's subsidiary, Midway, produced over 50,000 units of Space Invaders and other games, of which some 11,000 were exported to Britain and the Continent. This year, the company expects to more than double its production output and step up exports.



Mind versus machine—but company revenue is the winner

A quick mind, a quicker hand, and a pocketful of change are needed to play these games. The player must compete with the machine's computer programme which fills the screen with falling galactic bits and laser rays aimed at blowing his spaceship to smithereens. The guts of the machines are now 4K ram chips, although the technology is constantly being updated.

If a player destroys his video attackers, he earns another game and thus keeps play going for up to six or seven hours if he has the stamina. The initials of each high scorer are kept in the machine's memory and corrected with each new champion's win. Because of these and other challenges, addits to the games appear to span a much wider age group than those playing the pinball machines.

Atari, the Warner subsidiary, designed its own video game—Asteroids—in late 1978 and is soon to launch another, called Missile Command. Bally has yet to name its new machine, but it will be out soon and the battle for the best-selling video game is likely to remain intense.

At this stage of the battle, however, earnings at both companies are still the winners. Mr. Lee Isgur, an analyst with Paine Webber, says: "In terms of profits, Atari will remain the key swing element for Warner this year." Another adds "It may seem odd to get excited about machines that beep and flash, but these things are what I'll be watching at these two companies for at least another year and a half."

INTERNATIONAL CAPITAL MARKETS

Middle East placement for $50m ECSC bond

BY FRANCIS GHILES

INTERNATIONAL bond markets were quiet yesterday with the same pattern prevailing as in the past two weeks; a total lack of buying interest in the straight dollar sector, where prices finished the day unchanged, and a steady investor interest in acquiring D-Mark foreign bonds. In the D-Mark sector the prices of seasoned issues rose by ⅛ of a point on the day.

The European Coal and Steel Community is offering a $50m 10-year bond in the market through a group of banks led by Kuwait Investment Company and Hill Samuel. Two-thirds of the issue, which is offered on an indicated yield of 11.25 per cent, is being placed in the Middle East.

The issue, which has an average life of 6.76 years, is fully underwritten by the lead managers.

Meanwhile, S. G. Warburg, Soditic and Industrial Bank of Japan have been awarded a mandate to arrange a $250m eight-year floating rate note issue for the Italian state railways, Ferrovie dello State. This issue, which is expected to carry a coupon set at ¼ per cent over the six-month Libor with a minimum interest rate of 5¼ per cent, might not be offered in the market until later this summer.

The difference in the offered price for the latest £200m 15-year Barclays Bank FRN issue, which is currently quoted in pre-market trading by the lead manager less 1½ points, and elsewhere in the market less 2 points, suggests the issue is moving slowly. This may be because of the fact that none of the banks which are traditionally strong in the FRN sector are present in the management group.

In the D-Mark foreign bond sector Norddeutsche Landesbank made a rare appearance as lead manager with a DM 75m seven-year private placement for the South African electricity supply commission, ESCOM. The borrower is paying a coupon of 9 per cent and the bonds have been priced at 99½.

This brings the total of new foreign Deutsche Mark bond issues completed during the past month to DM 1.85bn. This is the highest monthly figure in more than a year and illustrates, more than the volume of trading in seasoned Deutsche Mark foreign bond issues, which remains thin, the high and steady nature of demand for such paper, not least from abroad.

Fine terms for Credit National

BY PETER MONTAGNON

FRANCE'S Credit National is raising a $125m seven-year Eurocredit with a margin of only ⅜ points above Libor throughout, a somewhat finer spread even than that obtained by Electricite de France on its latest $600m credit.

Once again the conditions testify to the demand by international banks for high-quality borrowings by European industrial countries. The credit is being jointly managed by Banque de l'Indochine et de Suez and Dillon Read.

The loan will be drawn down immediately, as proceeds are intended to refinance two borrowings arranged with higher spreads in 1977 by Credit National. These are a $50m five-year credit under the agency of Societe Generale with a spread of ⅝ per cent and a $75m 10-year private placement arranged through Morgan Guaranty.

The front end fee for the current credit is ¼ per cent and the borrowing bears a French state guarantee.

The spread compares with an average weighted margin of 0.39 per cent on the EDF transaction which is a 10-year club credit under the leadership of Credit Lyonnais. At the time the loan was announced, it bore the lowest spreads seen this year for any borrowing in the medium-term credit market.

The transaction aroused enough interest for the amount to be raised to $600m from an original target of $500m. Downward pressure on spreads for countries such as France arises above all from the liquidity of the Euromarket at present coupled with a desire by banks to place secure assets on their books in the aftermath of the Iranian and Afghanistan crises.

Consortium banks

Details given in the table of leading consortium banks in last week's survey were not fully comparable. The table should be amended as follows:

European Arab Bank group has total assets of £749m putting it at ninth place in the list. Banque Arabe et Internationale d'Investissement has assets of £1.017bn, putting it at seventh place.

U.S. recession hits Du Pont profits

BY DAVID LASCELLES, IN NEW YORK

MORE LARGE U.S. chemical companies showed weaker earnings yesterday because of the recession.

Du Pont, number one in the industry, said income for the June quarter was $177m or $1.19 a share, down from $233m or $1.59 in the same period last year. Sales were up slightly, from $3.24bn to $3.41bn. Six month earnings are $421m or $2.85, down from $481.2m or $3.29 last year.

Du Pont, which had been predicting a drop in profits, said that the prospects depended on the performance of the U.S. economy. But it noted a number of positive factors: declining interest rates, a pick-up in housing activity, the prospect of better car sales, the healthy state of inventories, and the improvement in consumer confidence.

Monsanto, the fourth largest chemical company, said profits were more than halved, from $59.5m or $1.64, to $23.2m or $0.64, though sales gained from $1.53bn to $1.55bn.

Six month earnings were $187.4m or $5.17, down from $221.3m or $6.08.

A major factor in the decline was Monsanto's closure of its European nylon operations which reduced per share earnings by $1.18. But the company said the results also reflected "the severity of the recession we are now witnessing," particularly the impact of credit restraint on demand for cars and housing.

Monsanto noted that sales volume actually declined by 11 per cent in the second quarter, but that this had been offset by a 12 per cent rise in prices.

Earnings at **National Distillers and Chemical** slumped in the second quarter from $47.4m or $1.55 a share to only $29.6m or 86 cents, and the board said that virtually all product areas, except liquor and wine, showed a slowdown. Sales slipped from $516.3m to $512.7m.

Half-year earnings stand at $78.7m or $2.16 against $79.6m or $2.39 a share, with sales at $1.07bn compared with $1.06bn.

The company said it may close a brass mill in Connecticut, which would mean a charge of $40m or 64 cents a share on 1980 profits.

National Distillers said operating profits of its chemical operations, the largest contributor to company earnings, were hurt by substantial volume declines for all major products and by the increased cost of petrochemicals.

Aerospace sector lifts Rockwell

By Carla Rapoport in New York

ROCKWELL International, the U.S. engineering and electronics group, has reported increased sales and earnings for its third quarter after improvements in its general industries an daerospace sectors.

Net income for the quarter to June 30 advanced by 6 per cent to $73.6m from $69.4m in the same period last year. Sales rose by 12 per cent to $1.78bn from $1.59bn.

Mr. Robert Anderson, chairman and chief executive, said the increases "reflect significant earnings improvement in the aerospace and general industries businesses and slightly higher earnings of the electronics business." He said the company also benefited from lower interest expense and higher interest income.

The increases more than offset substantially lower earnings by the company's motor industry business, which resulted from the depressed passenger car and truck market.

The company's total backlog of orders, including unfunded aerospace orders, was $7.5bn on June 30, compared to $6bn a year ago.

In the first nine months net income of Rockwell totalled $222m or $3 per share, a 12 per cen tincrease over last year's figure of $199m, or $2.80 per share. Both share amounts have been adjusted for the two-for-one stock split in June 1980.

Property sales help TWA to show gain

BY IAN HARGREAVES IN NEW YORK

TRANS WORLD AIRLINES managed to struggle to a small pre-tax profit in the second quarter, with the help of gains from property sales. Profits of the airline's parent, Trans World Corporation, however, were still almost $47m below the $59m earnings recorded in the same quarter of 1979.

Mr. Edwin Smart, chairman of Trans World Corporation, said that the profitability of the airline during depressed economic conditions was "noteworthy." The quarter-to-quarter comparison was misleading, he said, because last year TWA was reaping large benefits from a strike at United Airlines, the largest domestic U.S. carrier.

In the quarter just completed Trans World's food, hotel and property business had profits of $23m. TWA's profit of $6.2m compared with earnings of $54m in the second quarter of 1979, but this year's figure was boosted by a $11m property sale gain. Sales for the whole corporation reached $1.27bn in the quarter, up 11 per cent from 1979, but operating expenses rose by 16.8 per cent to $1.23bn.

For the first six months of the year, Trans World Corporation had a loss of $37.4m on sales of $2.4bn compared with income of $11m on sales of $2bn in the same period of 1979.

The Corporation's major headache continues to be its airline, which suffered an 11.5 per cent decline in traffic in the first half of the year compared with a 1 per cent average decline for all domestic and international U.S. carriers.

Northern Telecom plans C$125m special write-off

BY OUR FINANCIAL STAFF

NORTHERN TELECOM, which earlier this month said it would report sharply lower second-quarter earnings, is considering a special write-off of up to C$125m ($104m), principally related to its two-year-old computer terminal business.

Until recently the telecommunications equipment company pointed to the business as a new area for growth. Northern Telecom is 55 per cent owned by Bell Canada, whose board would probably have to approve the write-off.

If taken in full the special charge would exceed recent annual earnings and analysts say would probably push this year's results into the red.

Last year Northern Telecom earned C$113.5m or C$3.7 a share on revenue of C$1.9bn. In the 1979 second quarter net was C$31.3m or C$1.06 a share on revenue of C$530m.

News of the proposed write-off was leaked to analysts by Northern Telecom. The company confirmed that a special charge was under consideration but would not discuss timing. Touche Ross, Northern Telecom's auditor, declined to comment.

Analysts' reactions to the proposed write-off were mixed. "It's very positive," said Mr. Cliff Higgerson of Hambrecht and Wuist, who argued that it would clear the decks for future growth.

But Mr. William Becklean at Bache Halsey Stuart Shields Inc., injected a cautious note that the full charge would amount to about C$3.7 a share against shareholders' equity of about C$27.8 at March 31.

In effect the proposed write-off would reject as worthless millions of dollars of goodwill carried on company balance sheets since 1978 when Northern Telecom acquired Sycor Inc. of Ann Arbor, Michigan, and Data 100 Corporation of Minneapolis, for some C$248.5m. The companies were subsequently merged into a single unit called Northern Telecom Systems Corporation.

The related goodwill is estimated at C$95m, although it is suggested that goodwill from other purchases may be added to the charge. "If we take a write-off then we'll probably make it a whopper," Northern Telecom said.

Bausch and Lomb ahead of forecasts at half-time

BY TERRY BYLAND

SECOND-QUARTER results from Bausch and Lomb, manufacturer of the SOFLENS soft contact lens, shows that the group is still well ahead of Wall Street forecasts for the full year.

At the end of the first half, earnings were 34 per cent up at $24.8m or $2.07 a share, with sales 17 per cent ahead at $282.2m. This compares favourably with predictions from stockbroking analysts that Bausch will increase full year earnings from $3.49 a share to $4.35, and adds force to further predictions of an increase in the 25 cent quarterly dividend in the near future.

In the second quarter, sales added 18.3 per cent to $148.3m while profits gained 30 per cent to $13.7m.

Contact lens products, which provide 56 per cent of group earnings, come in the main from the SOFLENS operation. Competition in the soft lens market is believed to be growing rapidly but Bausch still holds the dominating position and is expected to push ahead with further earnings gains beyond this current year.

The group's other major profit centre is its consumer products division which turned in 27 per cent of earnings last year. Products in this sector include sunglasses, binoculare, ski goggles and camera lenses.

Sharp reverse for Ethyl

By Our Financial Staff

A SLUMP of 52 per cent in earnings during the second quarter at Ethyl, the petroleum and specialty chemicals producer, is blamed in part on reduced petrol sales in the U.S., together with decreased sales of anti-knock compounds following restriction on lead in petrol.

Total net has fallen in the quarter from $26.3m or $1.34 a share to $17.3m of 86 cents.

This leaves first half earnings 3.5 per cent to $45.8m or $2.39, on sales 12 per cent higher at $879.1m.

AMERICAN QUARTERLIES

BECTON DICKINSON	1980 $	1979 $
Third quarter		
Revenue	236.3m	206.0m
Net profits	18.4m	16.1m
Net per share	0.89	0.78
Nine months		
Revenue	685.4m	592.2m
Net profits	53.5m	45.5m
Net per share	2.59	2.21

BURNDY CORPORATION	1980 $	1979 $
Second quarter		
Revenue	66.4m	57.9m
Net profits	5.69m	5.22m
Net per share	0.91	0.84
Six months		
Revenue	133.6m	113.8m
Net profits	12.8m	10.2m
Net per share	2.04	1.64

CENTRAL & SOUTH WEST	1980 $	1979 $
Second quarter		
Revenue	377.7m	304.8m
Net profits	33.34m	21.89m
Net per share	0.40	0.28
Six months		
Revenue	719.3m	634.8m
Net profits	71.02m	62.51m
Net per share	0.86	0.85

CHROMALLOY AMERICAN	1980 $	1979 $
Second quarter		
Revenue	382.6m	393.3m
Net profits	11.61m	16.63m
Net per share	0.75	1.25
Six months		
Revenue	756.8m	741.5m
Net profits	21.15m	27.43m
Net per share	1.35	2.02

COMMUNICATIONS SATELLITE	1980 $	1979 $
Second quarter		
Revenue	62.2m	53.1m
Net profits	9.13m	10.61m
Net per share	1.14	1.32
Six months		
Revenue	121.8m	101.7m
Net profits	19.02m	22.31m
Net per share	2.38	2.81

CONSOLIDATED FREIGHTWAYS	1980 $	1979 $
Second quarter		
Revenue	383.9m	391.8m
Net profits	7.0m	10.04m
Net per share	0.53	0.77
Six months		
Revenue	844.9m	820.9m
Net profits	21.89m	27.37m
Net per share	1.67	2.10

CROMPTON CO.	1980 $	1979 $
Third quarter		
Revenue	45.3m	47.0m
Net profits	2.7m	3.16m
Net per share	2.11	2.47
Nine months		
Revenue	125.4m	115.4m
Net profits	7.44m	6.71m
Net per share	5.81	5.25

ENSERCH CORP.	1980 $	1979 $
Second quarter		
Revenue	617.7m	488.7m
Net profits	33.8m	17.17m
Net per share	0.93	0.51
Six months		
Revenue	1.31bn	1.07bn
Net profits	73.09m	50.24m
Net per share	2.26	1.55

FLORIDA POWER & LIGHT	1980 $	1979 $
Second quarter		
Revenue	556.1m	440.9m
Net profits	42.87m	17.06m
Net per share	0.83	0.22
Year		
Revenue	2.16bn	1.72bn
Net profits	225.57m	169.29m
Net per share	4.68	3.92

HARVEY HUBBELL	1980 $	1979 $
Second quarter		
Revenue	103.0m	93.4m
Net profits	8.26m	7.21m
Net per share	1.36	1.18
Six months		
Revenue	206.2m	182.3m
Net profits	15.83m	13.83m
Net per share	2.59	2.25

INGERSOLL-RAND	1980 $	1979 $
Second quarter		
Revenue	699.3m	639.1m
Net profits	25.5m	39.6m
Net per share	1.25	2.00
Six months		
Revenue	1.36bn	1.24bn
Net profits	62.4m	73.8m
Net per share	3.11	3.71

JOHNS-MANVILLE	1980 $	1979 $
Second quarter		
Revenue	556.7m	576.1m
Net profits	20.22m	33.72m
Net per share	0.62	1.25
Six months		
Revenue	1.1bn	1.1bn
Net profits	39.22m	52.72m
Net per share	1.20	1.90

NORFOLK & WESTERN RAILWAY	1980 $	1979 $
Second quarter		
Revenue	406.2m	378.9m
Net profits	59.0m	55.0m
Net per share	1.88	1.76
Six months		
Revenue	777.4m	706.7m
Net profits	107.38m	101.58m
Net per share	3.43	3.25

OCEAN DRILLING & EXPLORATION	1980 $	1979 $
Second quarter		
Revenue	171.3m	95.4m
Net profits	34.07m	10.91m
Net per share	2.70	0.87
Six months		
Revenue	325.4m	174.2m
Net profits	59.35m	19.62m
Net per share	4.70	1.56

RALSTON PURINA	1980 $	1979 $
Third quarter		
Revenue	1.14bn	1.14bn
Net profits	34.4m	23.4m
Net per share	0.32	0.21
Nine months		
Revenue	3.50bn	3.37bn
Net profits	124.1m	100.6m
Net per share	1.15	0.93

SCHERING PLOUGH	1980 $	1979 $
Second quarter		
Revenue	437.5m	383.6m
Net profits	66.83m	59.81m
Net per share	1.24	1.10
Six months		
Revenue	890.1m	689.1m
Net profits	137.16m	121.03m
Net per share	2.55	2.25

SHERWIN-WILLIAMS	1980 $	1979 $
Second quarter		
Revenue	333.9m	333.8m
Net profits	12.52m	8.98m
Net per share	2.51	1.61
Six months		
Revenue	618.6m	591.0m
Net profits	15.92m	8.89m
Net per share	3.16	1.56

S. CALIFORNIA EDISON	1980 $	1979 $
Second quarter		
Revenue	828.0m	567.0m
Net profits	62.11m	58.17m
Net per share	0.84	0.81
Six months		
Revenue	1.63bn	1.17bn
Net profits	128.96m	129.6m
Net per share	1.81	2.04

SUNDSTRAND	1980 $	1979 $
Second quarter		
Revenue	232.4m	217.5m
Net profits	17.43m	16.34m
Net per share	1.05	1.03
Six months		
Revenue	465.0m	430.2m
Net profits	37.3m	30.09m
Net per share	2.28	1.90

VIRGINIA ELECTRIC	1980 $	1979 $
Six months		
Revenue	1.05bn	778.03m
Net profits	97.21m	91.93m
Net per share	0.74	0.75
Year		
Revenue	1.97bn	1.52bn
Net profits	201.75m	196.69m
Net per share	1.60	1.70

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 21

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	92½	93	−0⅛	−1½	12.03
CECA Grad. Rate 12 86	100	98	98¼	−0⅛	−0⅛	11.59
CECA 11¼ 90	50	99	99½	0	+0⅛	11.71
CECA 11½ 88	100	99¾	100¼	−0⅛	−0⅛	11.48
Citicorp O/S Fin. 10 86	300	95⅜	95⅞	+0⅛	−0⅛	11.07
Con. Illinois O/S 9¾ 86	150	94¼	94¾	+0⅛	−0⅛	11.05
Denmark 11¾ 90	100	98¾	99¼	0	−0⅛	11.91
Dome Petroleum 13½ 92	50	103	103½	−0⅛	+0⅛	12.92
EEC 11 95	75	95⅞	96⅜	+0⅛	+0⅛	11.55
EIB 11¾ 92	80	97½	98	0	+0⅛	12.09
EIB 13¾ 90	100	106⅝	107⅛	0	+0⅛	12.48
Eksportfinans 11¾ 87	50	99⅝	100⅛	0	−0⅛	11.24
Eksportfinans 9¾ 87	75	92⅞	93⅜	+0⅛	−0⅛	10.99
Elec. de France 10 88	125	95½	96	−0⅛	−0⅛	10.82
Export Dev. Cpn. 9¾ 84	150	96⅞	97⅜	0	0	10.71
Export Dv. Cpn. 12⅛ 87	100	106½	107	0	+0⅛	11.28
Export Dev. Cpn. 9¾ 86	150	95⅛	95⅝	−0⅛	−1	10.59
Federal Dev. Bk. 12¾ 85	75	103⅝	104⅛	0	+1	11.14
Fin. Exp. Credit 10⅛ 85	50	98⅜	98⅞	−0⅛	+0⅛	10.94
Finland, Rep. of 9½ 86	100	92	92½	0	−0⅛	11.41
Ford O/S Fin. 12⅛ 85	250	100	100½	+0⅛	+0⅛	12.52
George Weston 13½ 87	30	102⅜	102⅞	+0⅛	+0⅛	12.88
GMAC O/S Fin. 11 84	100	99¾	100¼	+0⅛	+0⅛	10.96
GMAC O/S Fin. 13⅛ 85	100	105⅝	106⅛	0	+0⅛	11.62
Goodyear O/S 12⅛ 87	75	98⅞	99⅜	+0⅛	+0⅛	12.68
Hudson's Bay 11½ 90	75	98⅜	98⅞	+0⅛	−0⅛	11.78
IBM Canada 10⅛ 85	50	99½	100	0	+0⅛	10.56
ICI Fin. Ned. 11 83	100	100⅛	100⅝	0	0	10.76
McGraw 13¼ 85	75	102½	103	−0⅛	+0⅛	12.66
Norwest Ind. 13⅝ 87	50	101⅛	101⅝	+0⅛	+0⅛	13.27
Nova Scotia 10⅝ 90	50	95	95½	0	−0⅛	11.58
OKB 10 85	50	97⅞	98⅜	—	—	10.50
Pembroke Capital 9¾ 87	100	94	94½	−0⅛	−0⅛	10.84
Pemex 11½ 88	100	97⅞	98⅜	+0⅛	0	11.87
Quebec Hydro 11½ 92	100	96⅞	97⅜	0	−0⅛	11.96
Repsteel O/S 11⅛ 85	100	96⅛	96⅝	—	—	12.21
Roylease Ltd. 11⅛ 85	50	100½	101	+0⅛	+0⅛	11.03
SNCF 12⅛ 85	50	104⅞	105⅜	+0⅛	+0⅛	10.92
Swed. Ex. Cred. 12½ 85	40*	103⅛	103⅝	+0⅛	+0⅛	11.51
UB Finance BV 11 90	50	93⅛	93⅝	−0⅛	−0⅛	12.18
World Bank 9¾ 85	200	96⅞	97⅜	−0⅛	−0⅛	10.65
World Bank 10⅛ 87	300	97⅛	97⅝	−0⅛	−0⅛	10.80
Average price changes... On day 0 on week −0⅛						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	103	103½	0	+0⅛	8.47
Australia 8½ 90	250	102⅝	103⅛	0	−0⅛	7.70
BFCE 7¾ 87	100	99⅝	100⅛	0	+0⅛	7.74
BFCE 8⅛ 95	100	99⅝	100⅛	+0⅛	+0⅛	8.09
Brazil 8 87	150	93⅝	94⅛	+0⅛	+1⅛	9.19
Council of Eur. 7¾ 89	100	95⅜	95⅞	+0⅛	+0⅛	7.97
Denmark 7¾ 86	100	98⅝	99⅛	+0⅛	+0⅛	8.09
Denmark 8⅛ 92	100	99	100	0	+0⅛	8.31
EEC 7⅛ 94	225	98⅝	99⅛	+0⅛	+0⅛	7.94
EIB 7½ 89	200	97	97½	+0⅛	0	7.92
Finland, Rep. of 8 86	150	98⅝	99⅛	−0⅛	−0⅛	8.17
Kobe, City of 7¾ 89	150	95⅜	95⅞	+0⅛	+0⅛	7.82
Kobe, City of 8 90	100	100⅝	101⅛	+0⅛	+0⅛	7.89
Mt. Bk. Denmark 8½ 90	150	100⅝	101⅛	+0⅛	+0⅛	8.38
Norway 7½ 85	250	99⅝	100⅛	+0⅛	−0⅛	7.55
OKB 7¾ 89	100	96⅝	97⅛	−0⅛	+0⅛	7.88
OKB 8⅛ 92	150	100⅝	101⅛	+0⅛	+0⅛	8.11
Oslo, City of 8½ 90	80	102⅝	103⅛	0	+0⅛	8.29
Sweden 9⅛ 87	200	107½	108	+0⅛	+0⅛	8.21
World Bank 7¾ 91	400	98	98½	+0⅛	+0⅛	7.98
World Bank 7¾ 90	250	98⅝	99⅛	+0⅛	+0⅛	7.98
World Bank 10 86	150	108⅝	109⅛	0	+0⅛	7.95
World Bank 10 90	200	112	112½	+0⅛	+0⅛	8.11
Average price changes... On day +0⅛ on week +0⅛						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	91⅝	92⅛	−1⅛	−1⅛	6.72
Bergen, City of 4½ 91	40	95½	96	0	+0⅛	5.27
Bergen, City of 6 90	50	103½	104	−0⅛	+0⅛	5.49
BNDE 5 89	75	86½	86	−0⅛	0	7.20
BMW Overseas 4¾ 91	100	92⅝	93⅛	−0⅛	−0⅛	5.08
Buhrm'n-Tettorode 7 90	40	106½	107	−0⅛	+1⅛	6.06
Caisse Nat. Tele. 4¾ 89	100	94½	95	−0⅛	−0⅛	5.11
Copenhagen 4½ 91	60	91	91½	0	−0⅛	5.57
Council of Eur. 5 89	100	96⅛	96⅝	−0⅛	+0⅛	5.57
Denmark 5¾ 90	80	99⅝	100⅛	−0⅛	−0⅛	5.73
EIB 4½ 91	100	90⅝	91⅛	−1⅛	−1⅛	5.62
EIB 4¾ 94	100	88	88½	−0⅛	0	5.60
Elet. de France 4¾ 89	100	95	95½	0	0	5.04
F. G. H. Hypo. Bk. 6 90	50	104⅝	105⅛	+0⅛	+0⅛	5.34
GZB 4¾ 89	100	91⅝	92⅛	−0⅛	−0⅛	5.37
Hiltl 4½ 91	35	94	94½	−0⅛	−0⅛	4.92
Int.-Amer. Dev. 4½ 89	100	92⅛	92⅝	+0⅛	+0⅛	5.60
Int.-Amer. Dev. 7 90	80	106⅝	107⅛	+0⅛	+0⅛	6.03
Jutland Tele. 5½ 90	50	100½	101	0	+0⅛	5.39
Malaysia 6 89	80	89	89½	+0⅛	−0⅛	6.59
Newag 5¾ 90	80	102⅛	102⅝	−0⅛	+0⅛	5.43
Nippon Tel. & T. 4¾ 89	100	94½	95	0	+0⅛	4.97
Nordic Bank 5 89	45	98⅛	98⅝	−0⅛	+0⅛	5.21
Norges Komm 4¾ 91	100	93	93½	+0⅛	+0⅛	5.18
OKB 4¾ 91	100	91⅝	92⅛	−0⅛	−0⅛	5.34
OKB 6 90	100	103⅝	104⅛	−0⅛	+0⅛	5.45
Oslo, City of 4½ 91	100	90⅛	90⅝	+0⅛	−0⅛	5.55
Sekisui Pre. Hms. 6 90	80	102⅝	103⅛	0	+0⅛	5.60
Shikoku El. Pwr. 4¾ 89	100	96⅛	96⅝	−0⅛	+0⅛	5.28
World Bank 4¾ 89	100	95⅛	95⅝	−1⅛	−0⅛	5.26
World Bank 4¾ 89	150	92⅛	92⅝	+0⅛	+0⅛	5.45
World Bank 4¾ 91	100	93	93½	+0⅛	+0⅛	5.44
Average price changes... On day −0⅛ on week 0						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	92⅝	93⅛	+0⅛	+0⅛	8.26
Australia 6⅛ 88	20	87⅝	88⅛	0	+0⅛	8.67
EIB 7¾ 89	12	95⅝	96⅛	+0⅛	−1⅛	8.37
Finland 5.6 83	10	91⅝	92⅛	0	+0⅛	8.55
Finland 6.8 88	10	87⅝	88⅛	−0⅛	−0⅛	8.96
Finland, Rep. of 8⅛ 87	15	96⅝	97⅛	+0⅛	0	8.95
Average price changes... On day +0⅛ on week −0⅛						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅛ 88 C$	60	96⅛	96⅝	0	+0⅛	11.57
CIBC 13½ 86 C$	50	103⅝	104⅛	−0⅛	−0⅛	12.35
CIBC 11½ 85 C$	60	98⅛	98⅝	−0⅛	+0⅛	11.91
Federal Dev. 11½ 90 C$	60	96⅝	97⅛	−0⅛	−0⅛	12.03
Fst. Can. Inv. 10 84 C$	50	94	94½	0	−0⅛	11.93
GMAC 12 85 C$	50	99⅛	99⅝	0	+0⅛	12.12
R. Bk. Canada 10 86 C$	40	94⅝	95⅛	0	+0⅛	11.29
Tordom Cpn. 13¾ 85 C$	30	103⅛	103⅝	−0⅛	−0⅛	12.42
M. Bk. Dnmk. 9 91 EUA	25	93⅝	94⅛	−0⅛	−1⅛	9.93
SOFTE 8¾ 89 EUA	40	87⅝	88⅛	0	+0⅛	10.44
U. Bk. Nrwy. 9½ 90 EUA	18	97⅝	98⅛	0	−0⅛	9.77
Algemene Bk. 8¾ 84 Fl	75	96½	97	+0⅛	+0⅛	9.21
Algemene Bk. 10⅛ 87 Fl	400	101⅝	102⅛	+0⅛	+1⅛	9.86
Bk. Mees & H. 10 85 Fl	75	100⅛	100⅝	—	—	9.86
Ned. Gasunie 8¾ 84 Fl	50	100⅛	100⅝	−0⅛	+0⅛	8.58
Norway 8¾ 84 Fl	100	96⅝	97⅛	0	+0⅛	9.12
Philips Lamps 8¾ 84 Fl	75	97	97½	+0⅛	+0⅛	9.18
Air France 11 84 FFr	120	96	97⅛	0	+0⅛	12.05
CECA 14¾ 86 FFr	150	106⅝	107⅛	+0⅛	+0⅛	12.45
Euratom 9¾ 87 FFr	150	85⅝	88⅛	+0⅛	+0⅛	12.90
Finland 11 84 FFr	80	96	96½	+0⅛	+0⅛	12.25
Finland 11½ 89 FFr	70	93	94⅛	0	+0⅛	12.69
Gaz de France 11 84 FFr	150	94⅝	95⅛	0	−0⅛	12.64
IBM France 11⅛ 84 FFr	120	97⅝	99	+0⅛	+0⅛	12.32
Renault 9¾ 85 FFr	100	86⅝	87⅛	0	+0⅛	13.43
Saint-Gobain 9¾ 86 FFr	130	86	87	0	0	13.19
Solvay et Cie 9¾ 87 FFr	125	84⅝	85⅛	0	−0⅛	13.22
Beneficial Fin. 14⅛ 90 £	20	101⅝	102⅛	0	+0⅛	13.82
Citicorp O/S 13½ 90 £	50	101⅛	101⅝	0	+1⅛	13.20
EIB 11½ 91 £	25	98⅛	96⅝	0	+1⅛	12.08
Fin. for Ind. 12½ 89 £	30	98⅝	99⅛	+0⅛	+2⅛	12.71
Fin. for Ind. 14½ 88 £	20	104½	105	+0⅛	+1⅛	13.45
Gen. Elec. Co. 12⅛ 89 £	50	99⅝	100⅛	+0⅛	+1⅛	12.48
Swed. Ex. Cr. 13⅛ 85 £	20	106	106½	−0⅛	+1⅛	12.33
Banobras 8¾ 90 KD	7	†95⅝	96⅛	+0⅛	+0⅛	8.93
CCCE 8¾ 91 KD	10	†93⅝	93⅝	+0⅛	+0⅛	9.07
Mitsubishi 7½ 84 KD	10	†94⅝	94⅝	0	0	9.15
Sonatrach 8¾ 90 KD	12	†94⅝	95⅛	+0⅛	+0⅛	9.37
Akzo 9¾ 87 LuxFr	500	94⅝	95⅛	−0⅛	−0⅛	10.29
Euratom 8 87 LuxFr	500	89½	90½	0	−0⅛	10.12
Euratom 9¾ 88 LuxFr	500	98	99	−0⅛	−0⅛	10.02
EIB 9¾ 88 LuxFr	600	97⅝	98⅛	−0⅛	−0⅛	10.12
Volvo 9¾ 87 LuxFr	500	96⅛	96⅝	−0⅛	−0⅛	10.48

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5½ 87	0¼	98⅜	98⅞	2/1	10.44	10.60
Bank of Ireland 5¾ 89	†0¼	97⅜	98⅛	21/8	11.81	12.09
Bank of Tokyo 5¾ 89	†0¼	97⅜	97⅞	25/10	16.56	16.93
Barclays O/S Inv. 5 90	0¼	97⅝	98⅛	13/12	9⅝	9.83
Bergen Bk. A/S 6 89	†0¼	97	97½	29/8	10	10.28
Bilbao Int. NV 5¾ 90	0¼	96⅞	97⅜	29/11	10.06	10.35
Citicorp O/S F. 83	§0	98⅝	99⅛	23/8	10.19	10.28
Citicorp O/S F. 84	§0	98⅜	98⅞	30/7	9.69	9.82
C. Itoh 5¾ 87	0¼	99½	100	18/9	19.44	19.49
Co-operative Bk. 6 86	0¼	98⅜	98⅞	15/11	11.44	11.61
Creditanstalt 5½ 91	§0¼	97⅜	97⅞	14/9	9.44	9.69
CNT 5¾ 86	§0¼	100⅝	101⅛	16/10	18⅛	17.95
GZB 5½ 89	†0¼	98⅛	98⅝	1/8	15⅛	15.50
Jugobanka 8 89	0¾	90⅝	92⅛	23/11	11⅜	12.74
Ind. Bank Japan 5¾ 87	0¼	100⅛	100⅝	15/10	18⅜	18.68
Lloyds Eurofin 8 90 £	0¼	97⅝	98⅛	3/1	15⅝	16.09
LTCB Japan 5¾ 85	0¼	98⅛	98⅝	13/12	9⅝	9.77
LTCB Japan 5½ 89	0¼	98⅛	98⅝	7/12	10⅛	10.28
Mfrs. Han. O/S 5¾ 94	†0¼	97⅝	97⅞	31/8	9⅞	10.12
Midland Intl. Fin. 5 89	0¼	99	99½	20/12	9½	9.57
Midland Intl. Fin. 5¾ 92	0¼	98⅛	98⅝	5/12	10⅞	11.03
Nacional Fin. 6¾ 88	0¼	98	98½	25/7	14.69	14.95
Nat. West. 5¾ 94	§0¼	100	100½	11/10	18⅝	18.58
Nippon Credit 6½ 86	0¼	97⅝	97½	12/1	9.56	9.80
Nippon Credit 5¾ 87	†0¼	97⅝	98⅛	8/8	14⅜	14.65
Royal Bk. Scot. 5¾ 94	§0¼	98	98½	11/10	9.31	9.63
Soc. C. de Bqua. 6½ 87	0¼	100⅛	100⅝	3/10	20.06	19.96
Sogenal 5¾ 89	§0¼	97⅝	98⅛	13/1	9⅝	9.83
Standard Chart. 5¾ 90	0¼	100⅛	100⅝	6/9	17¼	17.14
Svenska Hndlsbk. 10 87	0¼	98½	99	15/1	10	10.13
Sweden 8¾ 91	†0¼	98⅛	98⅝	18/10	18⅞	19.28
Williams & Glyn 5¾ 91	0¼	99⅝	100⅛	14/9	18⅜	18.50
Bq. E. d'Alg. 6¾ 89 SF	0¼	90	92	18/12	6⅛	6.73
Average price changes... On day 0 on week +0¼						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†121	122	+1	[illegible]
Ajinomoto 7¾ 95	2/80	615.5	114½	115½	+0⅛	[illegible]
Alco Int. Fin. 9¾ 94	1/80	40	93	94½	−0⅛	[illegible]
Apache I. Fin. 8¾ 95	12/80	21.12	116½	117½	−0⅛	[illegible]
Asahi Optical 7 94	11/79	526.1	97½	98½	−0⅛	[illegible]
Blocker Energy 8¾ 95	1/81	21.87	98½	99½	−0⅛	[illegible]
Canon 6¾ 94	8/79	570	108½	109½	0	[illegible]
Credit Suisse 4¾ 93	10/79	1278	106	107½	−0⅛	[illegible]
Daiei Inc. 6¾ 94	11/79	927.3	97½	98½	0	[illegible]
DDKK 11 90	4/80	324	110½	111½	+0⅛	[illegible]
Dynalectron 9½ 95	8/80	12.22	110	111½	−0⅛	[illegible]
Ensearch Fin. 9¾ 94	7/80	38.25	126	127	−1	[illegible]
Meidensha Elec. 7 94	12/79	210	102½	104	−0⅛	[illegible]
Mitsubishi Cp. 6¾ 94	10/79	549.1	121½	122½	−0⅛	[illegible]
Nippon Seiko 7¾ 94	12/79	339	†110½	111½	−1⅛	[illegible]
Toshiba Cpn. 7¾ 94	10/79	188	101½	102½	−0⅛	[illegible]
Union Bk. Switz. 5 89	2/80	121.4	98	99½	0	[illegible]
Fujitsu 5 84 DM	7/79	475	101½	102½	+0⅛	[illegible]
Kansai Elec. 4 84 DM	4/79	1210	87½	88½	0	[illegible]
Sharp Cpn. 6½ 88 DM	9/80	585	101½	102½	0	[illegible]
Uby Co. 6¾ 85 DM	11/79	1071	97½	98½	0	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

ITALIAN TYRE INDUSTRY

Sales gains point to Pirelli recovery

BY RUPERT CORNWELL IN ROME

THE PROMISED recovery of the Pirelli tyre and cable group took concrete form during the first five months of this year, according to Sig. Leopoldo Pirelli, head of the Pirelli SpA holding company.

Addressing the annual meeting, Sig. Pirelli said that sales of the group's tyre manufacturing division, financially hived off from the operating company, Industrie Pirelli, under the 1979 group restructuring plan, rose 49 per cent in the first five months of 1980, compared with the same period last year.

In the group's other two main operating divisions, cable activities, showed a 24 per cent growth in turnover during the same period, while sales of other diversified operations rose by 38 per cent.

Overall, sales of Industrie Pirelli climbed by 41 per cent between January and May 1980, a performance which augurs well for the achievement of the target of a balanced profit and loss account for the current year. Last year the company reported an operating loss of L18.5bn ($22.3m), mainly because of the problems of its tyre division, compared with a deficit of L28.5bn in 1978.

Meanwhile, sales of SA Internationale Pirelli, the Basle-based company which runs Pirelli's operation in third countries, rose 13 per cent over the same period. The main difficulty for the moment, Sig. Pirelli made clear, concerned the operations of the Dunlop group, the British partner in the Dunlop Pirelli union.

However, Pirelli's tyre fortunes in the coming months will largely depend on developments in the international, and particularly Italian, car markets.

During the first half of this year the group's business has been underpinned by the strong performance of the domestic car market where registrations of new vehicles climbed by 12 per cent from the corresponding period of 1979. But in the second half a downturn is universally expected, particularly in the home market which will inevitably heavily affect Fiat, one of Pirelli's main customers.

Meanwhile, Sig Pirelli confirmed that negotiations were at an advanced stage for the acquisition of Alfa-Cavi, another Italian cables manufacturer, which will probably be paid for by an increase in Pirelli's capital.

Cycle sales restore Motobecane to profit

By Terry Dodsworth in Paris

THE DRACONIAN restructuring measures carried out last year by Motobecane, the French moped and bicycle company, has restored the company to profitability after two years of financial difficulties.

For 1979 a net profit of FFr 8.6m ($2.2m) has been achieved, compared with losses of FFr 38.8m in 1978, and the company has continued to improve its position during the course of this year, lifting net profit to FFr 20m for the first six months.

M. Jean-Claude Noblet, the chairman, has told shareholders that the outcome for 1980 should allow the group to absorb all the exceptional losses from two years ago, while enabling a reduction in its debts.

Turnover last year was FFr 945m, against FFr 852m in 1978. But the main reason for the company's recovery was the drastic reorganisation in which three of its seven plants were closed, and the workforce cut from 4,200 to 3,200. Motobecane said that its retrenchment measures resulted in a reduction of overhead costs last year to FFr 91m, against FFr 116m.

In the current year, the company says that turnover has gone up by 33 per cent during the first six months to FFr 510m. The main reason for the improvement, says M. Noblet, was the expansion of bicycle sales.

Construction division lifts Coutinho Caro

By Kevin Done in Frankfurt

COUTINHO CARO, the Hamburg-based international metals merchant and plant constructor, enjoyed a successful year in 1979, pushing up group sales by 11.1 per cent ot DM 2.2bn ($1.25bn). Group pre-tax profits rose to DM 48m ($27.5m) compared with DM 37m in 1978.

The higher turnover was especially influenced by the completion of a number of large construction projects around the world including a 600-bed hotel in the United Arab Emirates, a cement factory in Indonesia, a glass plant in Thailand and a cellulose plant in Korea.

Sales by the construction division increased by some 34.5 per cent last year to DM 390m. This still remains Coutinho Caro's smallest activity, however. Sales by the international trading division rose by 8 per cent last year to DM 1.3bn, while warehousing turnover increased by 38 per cent to DM 500m compared with DM 360m in 1978.

On the construction side Coutinho Caro is concentrating its marketing efforts on gaining new orders in particular market segments, such as hotels, hospitals and complete housing schemes. It has also opened a marketing office in Paris to strengthen efforts to obtain new orders in French-speaking areas of the world.

In its steel-stockholding operations Coutinho Caro handled some 1.8m tonnes of steel last year, and enjoyed a high level of profitability in the U.S. and in the UK.

In West Germany, however, its steel stockholding subsidiary Coutinho Eisenhandel operated at a loss and according to the company, "the situation on the German steel market continues to be critical in 1980."

Krupp-Estel co-operation talks

BY ROGER BOYES IN BONN

KRUPP STAHL, the West German steel producer, has opened talks with Estel Hoesch, the Dutch-German steel concern, which could result in a series of co-operation agreements between the two arch-competitors.

This remarkable move is a clear sign that both producers are feeling the pressure from cheap overseas imports (from countries such as Italy) and from large, diversified steel groups, such as Thyssen. Both concerns have complained recently of rising energy, labour, and raw material costs, and both have called for greater rationalisation within the European steel industry.

The areas of co-operation currently being explored include potential joint ventures, consultation about production overlap and long-term delivery arrangements.

Krupp, which has a highly efficient special steels arm, stresses that co-operation would not be in the refined steel sector. However, the collaboration could span most other sectors regulating production overlap in crude steel and steel-based manufacturing. Moreover, Dutch, as well as German plants, could be drawn into the agreement.

Both companies stressed yesterday that there would be no mutual capital involvement, and no question of price collaboration.

Nonetheless, the co-operation agreements could run the risk of falling foul of the European Commission (concerned that competition was being undermined), the trade unions (fearful of possible job losses), and even possibly the Federal Cartel Office.

However, Krupp executives stress that the talks are in a preliminary stage and will need at least six months before reaching fruition—giving the companies plenty of opportunity to consult with both Brussels and the unions.

The move may mark a general drift to bilateral co-operation in the face of a continuing trough in steel demand.

Thyssen and Mannesmann also have a co-operation accord, but Thyssen competes only in a few restricted sectors with Mannesmann, which has become largely a pipe, rather than steel, manufacturer.

RSV expects to move out of red

BY CHARLES BATCHELOR IN AMSTERDAM

RIJN-SCHELDE-VEROLME yesterday added to the rising tide of brighter news emerging from the Dutch shipbuilding industry for forecasting a possible end to losses for 1980

After several years in the red, the second half of 1980 is expected to see the group back to a profit. The hope at RSV is that this will prove sufficient to leave the group in a break-even position for the year as a whole.

RSV, the largest Dutch shipbuilding group, expects to move out of the red despite "continuing problems which must be solved." It earlier reported reducing its after-tax loss to Fl 21.9m ($11.5m) last year from Fl 59.7m in 1978 on sales which were 10 per cent lower at Fl 2.2bn ($1.15bn).

The end of years of losses and restructuring now appeared to be in sight, RSV said. It hoped that this would lead to an improvement in the morale of the workforce and a return to labour harmony within the company.

Uncertainty over the future has led to a worsening of labour relations over the past few years. RSV faces a compensation claim from the dredging group, Volker Stevin, for the late delivery of a Fl 160m dredging platform, which has been delayed by industrial actions.

New products which have been developed by RSV had begun to make a contribution to the overall result, the board said. The company recently won a Fl 800m order to deliver coal excavation machinery to a U.S. mining group, permitting the exploitation of hitherto uneconomic coal seams.

One of the problems facing RSV is the difficulty of finding skilled labour, though it hopes to attract extra personnel from other large yards where cutbacks are being carried out.

The future for RSV has brightened since it hived off its large shipbuilding and offshore construction activities, following the injection of several hundred million guilders of Government aid. The company has reduced its shipbuilding capacity—in terms of man-hours — to less than a sixth of 1977 levels and cutback repair capacity.

RSV is the third Dutch shipbuilding group to report a recent improvement in outlook. Van der Giessen-de Noord last week reported an upturn in orders and said it thought the worst of the shipbuilding recession was over. Another yard, IHC Holland, specialising in dredging equipment, earlier announced an upsurge of orders.

Austro-Yugoslav bank

Three major Austrian and three Yugoslav banks have joined forces in setting up the first Austro-Yugoslav banking venture in Vienna, Writes Paul Lendvai in Vienna. The new bank, Adria Bank, will have a capital of Sch 80m ($6.5m). The three Austrian banks each have a 12 per cent interest while the combined Yugoslav share amounts to 64 per cent. Adria will primarily help to finance bilateral trade, joint ventures and Austro-Yugoslav initiatives in Third World markets.

Optimism at Kugelfischer

BY OUR FINANCIAL STAFF

WEST GERMAN ball bearings group, Kugelfischer Georg Schaefer, expects a sharp expansion in domestic profit margins.

According to Herr Otto Schaefer, one of the owners of the family controlled group, Kugelfischer's margins in Germany during 1980 were likely to widen to 5 per cent from the 2.7 per cent achieved in 1979.

In 1979, Kugelfischer increased worldwide sales by about 9 per cent to DM 1.9bn. Sales climbed by 12.3 per cent in the first half of 1980 to DM 1.1bn.

Kugelfischer's "well-filled" order books allowed management to expect pre-tax profit of the domestic group to increase markedly this year. Profit margin in 1978 was 1.4 per cent.

Nippon Carbon deal for Enka

WUPPERTAL — Enka AG, the West German arm of the Dutch Enka group, has concluded a deal with Nippon Carbon under which it immediately takes over all European sales operations of the Japanese company.

The Enka group combines all the chemical fibre operations of AKZO NV.

Reuter

Boral plans expansion of brick-making activities

BY JAMES FORTH IN SYDNEY

BORAL, the diversified industrial group yesterday announced plans for a A$27m (U.S.$31m) expansion of its brick-making activities. Boral has acquired two brickworks in New South Wales, and plans to expand its brick output in Queensland.

It has bought the entire capital of Pacific Brick, which operates one of the newest and most modern brick plants in Australia, capable of producing 60m bricks a year. Pacific Brick was owned 85.5 per cent by Broken Hill Proprietary and 14.5 per cent by a group of Sydney businessmen.

Boral has also acquired Albury Brick, which operates a plant with a capacity of 30m bricks a year in the New South Wales town of Albury. The brick plant was formerly owned by the finance company, Australian Guarantee Corporation.

Both operations have been running only a short time and have incurred losses, but both are now near break-even. The Pacific plant cost A$15m to build and has accumulated losses of almost A$8m.

The two purchases cost Boral about A$18m. In addition, it will also spend A$8m to A$9m in expanding production of its Queensland operation, Brittains Bricks from 85m bricks a year to 120m.

* * *

THE AUSTRALIAN Government has raised the interest rate on its "household bond," the Australian Savings Bond, to stem a flow of funds into alternative areas of investment. The ASB rate, which had become uncompetitive, has been lifted by 0.5 per cent to 10.25 per cent, but it is still well below official rates for other Commonwealth bonds and semi-Government stock.

The increase is designed to staunch the flow from ASBs—which has led to a net redemption—rather than to attract a heavy inflow from other areas, such as building societies and finance companies. The Government needs to sell more bonds to rein back on the money supply growth which has recently expanded from the target of about 10 per cent to around 12 per cent.

The ASB move has resulted in some flow-on adjustments. The two largest savings banks, the Commonwealth Savings Bank and the Bank of New South Wales Savings Bank yesterday lifted interest rates on their investment accounts by 0.5 per cent to 9 per cent.

At the same time, the semi-Government authority, the Electricity Commission of New South Wales, reduced its pending loan by A$10m to A$165m, a precautionary move in case the ASB increase siphoned off funds. However, it is still the largest amount sought by a state government authority. Only the federal body, Telecom, has raised more.

Sharp rise in exports boosts Iseki

By Yoko Shibata in Tokyo

ISEKI and Company, Japan's third largest agricultural machinery manufacturer, improved sales and operating profits for the half-year ended May, with higher sales of tractors and vigorous exports. Operating profits rose by 23 per cent to Y517m ($2.35m) on sales of Y53.75bn ($244m).

The strength in sales resulted from 44 per cent advance in exports (centering on tractors) to Y6.6bn.

Inventory adjustments and rationalisation measures absorbed the interest payment burden, so accounting for the improvement in operating profits. Net profits were reduced to Y102m from Y311m in the previous comparable period — which included profits from the sales of assets. Profits per share were Y0.65, compared with Y2.00 a year earlier.

In the current half-year ending November the company expects a rise in demand for combine harvesters and to bring about an expansion in sales by marketing new types of tractors. Full year sales are forecast at Y117bn, up 12.7 per cent over 1978-79. Better sales of harvesters, with high profitability, and an increase in selling prices from this month (up 4.5 per cent on average) are expected to lift operating profits by 19 per cent to Y1.9bn. Net profits are expected to stay at the 1978-1979 level of Y1.2bn.

Mitsubishi Bank expands in California

TOKYO—Mitsubishi Bank of California, the Los Angeles-based wholly-owned subsidiary of Japan's Mitsubishi Bank, is to take over a California bank, probably early next year.

Mitsubishi said an unofficial agreement has already been reached for the takeover of First National Bank of San Diego county. Under the agreement, Mitsubishi Bank of California will acquire all the 1.56m shares of First National Bank for $17 a share. The total acquisition will amount to about $26.52m.

Mitsubishi Bank is seeking approval from the Japanese Finance Ministry, the U.S. Federal Government, and the State of California, and hopes to complete all the necessary arrangements by the end of March.

Misubishi Bank of California now owns 10 branches in the state and two more are scheduled to open in the near future. It has total deposits of $250m and is ranked 28th among Californian banks. The acquisition of First National Bank will lift Mitsubishi Bank of California to 22nd among financial institutions in the state in terms of the size of deposits.

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COMMERCIAL VEHICLES — INDIA

Telco sees the fruit of investment

BY R. C. MURTHY IN BOMBAY

TATA ENGINEERING and Locomotive Company (Telco) hopes to reap the full fruits of its investment in its second commercial vehicle factory at Pune in the Western State of Maharashtra in the current year, Mr. S. Moolgaokar, the company's chairman, says. The first unit is located at Jamshedpur in Bihar. In view of the prospect of improved profitability, and with an eye on boosting the market quotation of the company's equity shares, on the eve of flotation of a convertible bond issue, Telco has raised its dividend to 20 per cent for the year to March from 16 per cent for 1978-79.

In all, Telco has budgeted to raise Rs 472.5m (around $60m) by the issue of seven-year bonds at 11 per cent interest. These bonds provide for converting part of the value into equity shares. The first phase of the bond issue was completed three months ago, with the offering to the public of bonds worth Rs 114.6m, and to Daimler-Benz of West Germany—with the collaboration of which Telco vehicle production first started—of Rs 65.0m of bonds. In the second phase, Rs 29.29m of bonds are to be offered to the public and Telco shareholders.

The increase in dividend comes against the background of reduced profit margins in 1979-80. Sales rose by 19.88 per cent to Rs 4.55bn ($585m), from Rs 3.79bn in the previous year. Profits before tax (but after provision for depreciation), however, rose by only 16.38 per cent to Rs 176.2m ($23m), from Rs 151.4m.

Sales rose despite a decline in vehicle production to 30,232 units, from 32,015. Besides the rise in the chassis price to offset a rise in production costs, revenues from the spare parts, the sales of which doubled to Rs 438m, contributed to the higher turnover. In 1978-7[illegible] chassis production was dow[illegible] because of a power shortag[illegible] and strikes in some componen[illegible] suppliers' factories.

The company has receive[illegible] the Government's permission [illegible] expand capacity from the pr[illegible]sent 36,000 to 56,000 vehicle[illegible] This is to be implemented [illegible] two stages, the first of which [illegible] to be completed by 1982, raisin[illegible] the capacity to 44,000 units.

The second phase is expecte[illegible] to be completed by 1984. Telc[illegible] has secured foreign curren[illegible] loans equivalent to Rs 53.1[illegible] from term financial institutio[illegible] to implement the expansio[illegible]

PETROCHEMICALS — SINGAPORE

Polyolefin in U.S.$215m downstream plan

BY GEORGIE LEE IN SINGAPORE

THE NEWLY incorporated Polyolefin Company (Singapore) Pte. is to invest some S$450m (U.S.$215m) in two downstream plants in Singapore's S$2bn petrochemical project.

This was disclosed by senior officials at a ceremony to mark the formation of the S$120m company and the ground breaking of the site of the Petro-Chemical Corporation of Singapore (PCS).

One plant will produce 120,000 tonnes of low density polyethylene and the other will produce 100,000 tonnes of polypropylene.

The plants will be constructed by Hitachi and Sumitomo Chemical Engineering, together with Kobe Steel.

Polyolefin Company (Singapore) is a joint venture between the Singapore Government and five Japanese companies headed by Sumitomo Chemicals.

The ground breaking ceremony marks the commencement of construction of PCS's S$1bn upstream naphtha cracker and ethylene plant.

PCS is also a joint venture, between the Singapore Government, Sumitomo Chemical and several other Japanese companies.

Another downstream company, Phillips Petroleum Singapore Chemicals (PPSC), has been formed to establish the high density polyethylene plant. PPSC which has a capital of S$108m is owned as to 60 per cent by Phillips Petroleum of the U.S., 30 per cent by the Singapore Government, and 10 per cent by Sumitomo Chemicals.

PPSC's S$200m plant will have an annual capacity of 80,000 tonnes.

Another downstream company—a joint venture between the Singapore Government, Shell International Chemical of the UK, Mitsubishi Petrochemical, Misso Petrochemical Industries, Nippon Shokubai Kako Company, and Mitsui Petrochemical Industries—is expected to be set up soon to take charge of the ethylene glycol and ethylene oxide plant.

Other downstream plants envisaged under the first phase are for production of vinyl-chloride monomer, acetylene black and 2-ethyl hexanol.

The entire petrochemical pr[illegible]ject is located in one of Singa[illegible]pore's offshore islands, Pula[illegible] Ayer Merbau. Both the naphth[illegible] cracker and ethylene plant a[illegible] the first phase downstrea[illegible] plants are expected to come o[illegible] stream in mid-1982.

Feedstock for the petr[illegible]chemical project will come fro[illegible] oil refineries in Singapore. M[illegible] Hon Sui Sen, the Singapor[illegible] Finance Minister, disclosed a[illegible] the ceremony that two refiner[illegible] Esso and Shell, had agreed t[illegible] supply feedstock to PCS.

Esso will supply naphtha, an[illegible] Shell will supply naphtha as well as liquefied petroleum gas. The total naphtha feedstock required is estimated at 1m tonnes or 7m barrels annually.

Acquisitions lift profit at Malayan United Inds.

BY WONG SULONG IN KUALA LUMPUR

MALAYAN United Industries (MUI), the investment group which has made a series of acquisitions this year, has reported pre-tax profit for the six months ended June of 14.4m ringgit ($6.73m) compared with 830,000 ringgit for the same period of 1979.

The results include earnings from the 56 per cent owned subsidiary, Central Sugars, which also reported a substantial improvement in profits. For the full year to June, Central Sugars made a pre-tax profit of 21m ringgit, compared with 13m ringgit previously.

Two weeks ago, MUI announced that it was increasing its stake in Central Sugars to 77.4 per cent through a share exchange deal. Both MUI and Central Sugars are controlled by Datuk Khoo Kay Peng, a prominent Chinese businessman with close links to Malaysian political leaders.

In recent months, shares in companies controlled by Datuk Khoo have been actively traded and have seen sharp appreciation. MUI and Central Sugars were quoted at 4.4 and 5 ringgit respectively at the start of the year and are now being traded at 12.7 and 9.4 ringgit. Shares in another company controlled by Datuk Khoo, Magnum Corporation, the lottery organisation, have moved from 4.6 to 10.3 ringgit.

HK company law move

HONG KONG — The Hong Kong Government has published details of the proposed Companies (Amendment) Bill 1980, which if implemented will introduce a substantial number of new provisions dealing with important aspects of company law.

The bill, to be presented to the Legislative Council in the next session starting in October, implements recommendations by the Companies Law Revision Committee, appointed in 1962 to conduct a general review of Companies Legislation in Hong Kong.

Amendments to the Companies Ordinance included in the bill would prohibit a subsidiary from acquiring shares in its holding company and prohibit a body corporate, for example a nominee company, from acting as a director of a company. They would also prohibit companies from making loans to directors except where such loans came within categories detailed in the bill, and bring the provisions on appointment, removal and resignation of auditors substantially into line with those existing in the UK.

Other amendments would prohibit the directors of a company from disposing of the whole or substantially the whole of the undertaking or property of the company unless such a disposal had been approved by the company in general committee. They would also prohibit directors from issuing shares in a company without the prior approval of the company in general meeting, which prior approval might be given by a general mandate renewable annually.

● The Stock Exchanges unification bill which will lead to the merger of the Colony's four existing exchanges into one entity, the Stock Exchange of Hong Kong, has been published.

The bill, which the Government hopes will be passed by the Legislative Council by the end of its current session on August 6, allows initially only members of the four exchanges to join the new market.

Reuter

مكتبة من الأصل

CURRENCIES, MONEY and GOLD

Sterling firm

Sterling maintained its recent firm trend, while the dollar was generally soft in quiet foreign exchange trading yesterday. The pound's trade-weighted index, as calculated by the Bank of England, rose to 74.7 from 74.6, the highest level since May 27, after opening at 74.6 and easing to 74.5 at noon. Sterling began the day at $2.3735-2.3745, and fell to $2.3720-2.3730, but recovered to $2.3750 by midday. In the afternoon the pound touched a peak of $2.3805-2.3815, and closed at $2.3800-2.3810, a rise of 60 points on the day.

Indications of an easing of Federal Reserve monetary policy, and the further cut in U.S. bank prime rates, contributed to the dollar's weakness, and there may have been some support by the U.S. authorities. The dollar fell to DM 1.7415 from DM 1.7470 against the D-mark, and to SwFr 1.6020 from SwFr 1.6110 in terms of the Swiss franc. On the other hand speculation about a possible cut in Japan's discount rate from 9 per cent may have depressed the yen, with the dollar rising slightly to Y220.30 from Y220.20.

On Bank of England figures the dollar's index fell to 83.1 from 83.2.

D-Mark—Slightly weaker within the European Monetary System recently, but showing a firmer trend against the dollar following a sharp narrowing of interest rate differentials — The D-Mark gained ground against the dollar, sterling and Japanese yen at the Frankfurt fixing, but showed mixed changes against EMS currencies. The Irish punt eased to DM 3.7530 from DM 3.7540, the Dutch guilder to DM 91.375 per 100 guilders from DM 91.47, and the Italian lira to DM 2.100 per 1,000 lire from DM 2.102. On the other hand, the French franc rose to DM 43.06 per 100 francs from DM 43.04, the Belgian franc to DM 6.247 per 100 francs from DM 6.243, and the Danish krone to DM 32.305 per 100 krone from DM 32.29. The Bundesbank bought $1.5m when the dollar fell to DM 1.7407 from DM 1.7447 at the fixing, but was probably not active in the open market. Sterling fell to DM 4.1350 from DM 4.1410, and the yen also lost ground, but the Swiss franc rose to DM 1.0890 from DM 1.08565.

ITALIAN LIRA — Still the weakest currency within the EMS, but showing a steadier tendency following the early July support package — The lira was unchanged against the D-Mark at the Milan fixing, but lost ground to the French franc and several other EMS currencies. The D-Mark was fixed at L475.95, while the French rose to L204.85 from L204.81; the Danish krone to L153.81 from L153.78; and the Irish punt to L1,788 from L1,786. Outside the EMS the dollar fell to L828.55 from L830.05; sterling to L1,969.80 from L1,970.75; and the Japanese yen to L3.773 from L3.787. The Swiss franc rose to L518.51 from L516.49.

JAPANESE YEN — Steady in recent weeks after showing a marked recovery on the downward trend in U.S. rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency—The yen showed little change against the dollar in quiet Tokyo trading. The dollar finished at Y219.86, compared with Y219.20 on Friday, and slightly down from the opening level of Y220.20. The lowest point touched was Y219.65.

THE POUND SPOT AND FORWARD

July 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3720-2.3815	2.3800-2.3810	1.77-1.67c pm	8.67	3.85-3.75 pm	6.38
Canada	2.7350-2.7455	2.7440-2.7450	1.60-1.50c pm	6.78	3.30-3.20 pm	4.74
Nethlnd.	4.51-4.55	4.53-4.54	3¼-2¼c pm	6.95	6¾-5¾ pm	5.40
Belgium	66.10-66.50	66.30-66.40	19-9c pm	2.53	42-32 pm	2.23
Denmark	12.77-12.84	12.82-12.83	¼-1¼ore dis	−0.70	7¼-8¼ dis	−2.51
Ireland	1.1000-1.1050	1.1035-1.1045	0.03p pm-par	0.16	0.17-0.12 pm	0.52
W. Ger.	4.12-4.16	4.14¼-4.15¼	3½-2½pf pm	8.32	7¾-6¾ pm	6.63
Portugal	115.40-116.30	115.90-116.10	11c pm-15 dis	−0.21	14-83 dis	−1.67
Spain	168.30-169.00	168.90-169.00	68-133c dis	−7.17	295-370 dis	−7.87
Italy	1,968-1,974	1,971½-1,972½	3½-5½lire dis	−2.59	28-31 dis	−5.98
Norway	11.40-11.44	11.42-11.43	7¾-6¾ore pm	7.48	16-14½ pm	5.34
France	9.59-9.64	9.62½-9.63½	4½-3½c pm	4.98	9-8 pm	3.53
Sweden	9.78½-9.80½	9.78½-9.79½	3¾-2½ore pm	3.62	2⅞-2⅜ pm	1.02
Japan	520-527	524-525	2.25-1.95y pm	4.80	4.55-4.25 pm	3.35
Austria	29.25-29.45	29.38-29.43	16-14gro pm	6.12	34½-29½ pm	4.35
Switz.	3.78-3.83	3.81-3.82	4½-3½c pm	12.58	10½-9½ pm	10.35

Belgian rate is for convertible francs. Financial franc 66.65-66.75. Six-month forward dollar 5.47-5.37c pm. 12-month 7.60-7.50c pm.

THE DOLLAR SPOT AND FORWARD

July 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3720-2.3815	2.3800-2.3810	1.77-1.67c pm	8.67	3.85-3.75 pm	6.38
Ireland†	2.1540-2.1585	2.1550-2.1565	1.60-1.50c pm	8.63	3.65-3.55 pm	6.68
Canada	1.1520-1.1536	1.1523-1.1526	0.13-0.16c dis	−1.51	0.45-0.49dis	−1.63
Nethlnd.	1.9035-1.9107	1.9040-1.9050	0.12-0.22c dis	−1.07	0.30-0.40dis	−0.73
Belgium	27.85-28.03	27.85-27.87	11-12½c dis	−5.04	25-27½ dis	−3.76
Denmark	5.3865-5.3915	5.3870-5.3885	3.90-4.40ore dis	−9.24	11.6-12.1dis	−8.80
W. Ger.	1.7380-1.7460	1.7410-1.7420	.02pf pm-.03 dis	−0.03	0.18-0.13 pm	0.36
Portugal	48.70-48.90	48.70-48.80	30-40c dis	−8.61	70-110 dis	−7.38
Spain	70.90-71.03	70.95-71.00	80-100c dis	−15.22	225-255dis	−13.52
Italy	828.20-830.15	829.85-830.15	7-9lire dis	−11.57	25-28 dis	−12.77
Norway	4.7985-4.8090	4.7985-4.8000	0.20-0.70ore dis	−1.12	0.90-1.40dis	−0.96
France	4.0400-4.0625	4.0600-4.0625	0.85-0.95c dis	−2.66	2.75-2.90dis	−[illegible].78
Sweden	4.1118-4.1180	4.1118-4.1128	1.65-1.85ore dis	−5.11	5.25-5.45dis	−5.20
Japan	219.50-220.40	220.25-220.35	0.65-0.80y dis	−3.95	1.60-1.75dis	−3.84
Austria	12.32-12.35¼	12.33¼-12.34¼	2.10-2.70gro dis	−2.33	4.75-6.50dis	−1.82
Switz.	1.5940-1.6090	1.6015-1.6025	0.63-0.58c pm	4.53	1.60-1.55 pm	3.93

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 21	Bank of England Index	Morgan Guaranty Changes %
Sterling	74.7	−31.6
U.S. dollar	83.1	−10.4
Canadian dollar	81.4	−16.4
Austrian schilling	158.2	+24.8
Belgian franc	116.5	+14.4
Danish kroner	108.3	−3.4
Deutsche mark	156.5	+44.8
Swiss franc	200.7	+80.7
Guilder	126.3	+20.2
French franc	102.5	−5.2
Lira	53.3	−51.3
Yen	128.2	+26.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

July 18	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.559910	0.607779
U.S. $	11	1.32945	1.44299
Canadian $	10.35	1.53259	1.66117
Austria Sch.	6¾	16.4573	17.8570
Belgium F	13	37.1216	40.2774
Danish K	13	7.19368	7.78998
D'mark	7½	2.31949	2.51571
Guilder	9	2.53460	2.75106
French Fr.	9½	5.38494	5.84483
Lira	15	1103.44	1197.58
Yen	9	290.950	316.549
Norwgn. Kr.	9	6.39665	6.94222
Spanish Pts.	8	94.3245	102.560
Swedish Kr.	10	5.47335	5.93718
Swiss Fr.	3	2.13682	2.31816

OTHER CURRENCIES

July 21	£	$		£ Note Rates
Argentina Peso	4443-4463	1869-1876	Austria	29.15-29.45
Australia Dollar	2.0465-2.0505	0.8610-0.8615	Belgium	66.15-66.75
Brazil Cruzeiro	126-127	53.11-53.31	Denmark	12.76-12.85
Finland Markka	8.56-8.57	3.5990-3.6005	France	9.55-9.61
Greek Drachma	101.190-103.538	42.65-42.65	Germany	4.11½-4.14½
Hong Kong Dollar	11.67-11.69	4.9115-4.9135	Italy	1930-1980
Iran Rial	n a	n a	Japan	522-527
Kuwait Dinar (KD)	0.630-0.636	0.2667-0.2668	Netherlands	4.50½-4.53½
Luxembourg Frc.	66.30-66.40	27.85-27.87	Norway	11.36-11.46
Malaysia Dollar	5.0875-5.1000	2.1405-2.1425	Portugal	112-115
New Zealand Dlr.	2.4045-2.4095	1.0115-1.0125	Spain	163¼-170¼
Saudi Arab. Riyal	7.84-7.90	3.3185-3.3200	Sweden	9.74-9.81
Singapore Dollar	5.0150-5.0300	2.1100-2.1120	Switzerland	3.78-3.81
Sth. African Rand	1.8150-1.8175	0.7625-0.7635	United States	2.37½-2.38½
U.A.E. Dirham	8.72-8.78	3.6880-3.6910	Yugoslavia	63-66½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2632	+1.19	+0.49	±1.53
Danish Krone	7.72336	7.78942	+0.86	+0.16	±1.64
German D-Mark	2.48208	2.51572	+1.36	+0.66	±1.125
French Franc	5.84700	5.84278	−0.07	−0.77	±1.3557
Dutch Guilder	2.74362	2.75204	+0.31	−0.39	±1.512
Irish Punt	0.668201	0.671106	+0.43	−0.27	±1.668
Italian Lira	1157.79	1197.84	+3.46	+2.86	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 21	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.381	4.148	524.5	9.630	3.815	4.535	1972.	2.745	66.35
U.S. Dollar	0.420	1.	1.742	220.3	4.045	1.603	1.905	828.3	1.153	27.87
Deutschemark	0.241	0.574	1.	126.5	2.322	0.920	1.093	475.4	0.662	16.00
Japanese Yen 1,000	1.907	4.539	7.908	1000.	18.36	7.274	8.646	3759.	5.233	126.5
French Franc 10	1.038	2.472	4.307	544.7	10.	3.962	4.709	2048.	2.850	68.90
Swiss Franc	0.262	0.624	1.087	137.5	2.524	1.	1.189	516.8	0.719	17.39
Dutch Guilder	0.221	0.525	0.915	115.7	2.123	0.841	1.	434.8	0.605	14.63
Italian Lira, 1,000	0.507	1.207	2.103	266.0	4.884	1.935	2.300	1000.	1.392	33.65
Canadian Dollar	0.364	0.867	1.511	191.1	3.509	1.390	1.652	718.4	1.	24.18
Belgian Franc 100	1.507	3.588	6.251	790.5	14.51	5.750	6.835	2972.	4.136	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 21)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 1/4	offer 9 3/8	bid 9 1/2	offer 9 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

July 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17⅛-17⅜	8⅝-8⅞	10-12	10-10¼	1-1¼	8¾-8⅞	11⅞-12⅛	14-17	8¾-8⅞	11¾-12¼
7 days' notice	16⅞-17⅛	8¾-9	10-12	10-10¼	1⅞-2⅛	8 11/16-8 13/16	11⅞-12⅛	17¾-20¾	8 11/16-8 13/16	12¼-12½
Month	16¾-17	8⅞-9⅛	10⅝-11	10-10¼	4⅞-5	9-9 1/16	11⅞-12⅛	19½-21	8 15/16-9 1/16	12⅜-12⅝
Three months	15⅝-15⅞	9-9¼	10¾-11⅛	9⅞-10⅛	5 1/16-5 3/16	8¾-8⅞	11⅞-12⅛	20¾-21¾	9 1/16-9 3/16	12½-12⅝
Six months	14⅜-14⅝	9⅜-9⅝	10⅝-11	9⅞-10⅛	5 1/16-5 3/16	8⅝-8 11/16	11⅞-12⅛	21-22	9 3/16-9 5/16	11⅛-11⅜
One Year	13¼-13½	9⅝-9⅞	10½-10⅞	9¾ 10	4⅞-5	7 13/16-8 1/16	12-12¼	20-21	9⅝-9¾	9¾-10

Long-term Eurodollar two years 10⅝-10⅞ per cent; three years 10⅞-11 per cent; four years 10⅞-11⅛ per cent; five years 11-11⅛ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.80-8.90 per cent; three-months 8.85-8.95 per cent; six-months 8.85-8.95 per cent; one year 9.10-9.20 per cent.

INTERNATIONAL MONEY MARKET

Dutch rates ease

Official Dutch call money was reduced by ½ per cent to 9¾ per cent yesterday, following last week's cut in the central bank discount rate to 9 per cent from 9½ per cent. In the Amsterdam money market day-to-day money fell to 10-10¼ per cent from 10½-10¾ per cent, and one-month money was also quoted at 10-10¼ per cent, compared with 10½-10¾ per cent on Friday. Three-month funds declined to 9¾-10¼ per cent from 10½-10¾ per cent, and six-month to 9¾-10¼ per cent from 10¼-10½ per cent.

In Frankfurt call money firmed to 9.60-9.75 per cent from 9.50-9.65 per cent, but period rates were unchanged, with one-month at 9.60-9.80 per cent; three-month at 9.50-9.70 per cent; six-month at 9.00-9.20 per cent; and 12-month at 8.45-8.70 per cent.

In Paris short term interest rates were steady, with one, two and three month money at 11⅞-12 per cent, and six-month at 11 13/16-11 15/16 per cent, but call money fell to 12 per cent from 12⅜ per cent.

In Singapore the International Bank of Singapore cut its prime rate to 10½ per cent from 11 per cent. The bank, owned jointly by Singapore's big four banks, now has the lowest prime rate in the local market. Several other banks have also reduced prime rate levels to between 10¾ per cent and 11¾ per cent, with only a few remaining at 12 per cent.

MONEY RATES

NEW YORK

Prime Rate	11-11½
Fed. Funds	8¾-9
Treasury Bills (13-week)	8.01
Treasury Bills (26-week)	8.00

GERMANY

Discount Rate	7.5
Overnight Rate	9.575
One month	9.70
Three months	9.60
Six months	9.10

FRANCE

Discount Rate	9.5
Overnight Rate	12.00
One month	11.9375
Three months	11.9375
Six months	11.75

JAPAN

Discount Rate	9.0
Call (Unconditional)	12.8125
Bills Discount (three-month)	12.8125

UK MONEY MARKET

Exceptional shortage

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave exceptionally large assistance by buying a moderate amount of Treasury bills from the discount houses and banks, a small number of local authority bills from the banks, and a very large amount of eligible bank bills from the houses for resale at a fixed future date. The help was completed by large lending to five or six houses, overnight at Minimum Lending Rate.

Banks brought forward slightly run down balances, there was a small net take-up of Treasury bills to finance, and the market was also faced with repayment of the extremely large amount borrowed on Friday. Discount houses paid about 16 per cent for secured call loans at the start, with closing balances taken at 15-16 per cent.

GOLD

Firmer tendency

Gold rose $10 to $617-620 in the London bullion market yesterday, but declined in the afternoon from a high point of $621¼-623¼, while news of a fall in South African gold production in the first half of the year had little impact on the market. The metal was fixed at $620.75 in the morning, and $617.50 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 81,600 per kilo ($627.67 per ounce) in the afternoon, compared with FFr 81,500 ($626.09) in the morning, and FFr 80,000 ($614.31) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,850 per kilo ($622.98 per ounce), compared with DM 33,935 ($605.02) previously, and finished at $617-620, against $605-608 on Friday.

In Zurich gold closed at $617-$620, compared with $607-610 previously.

	July 21		July 18	
Gold Bullion (fine ounce)				
Close	$617-620	(£259¼-260½)	$607-610	(£255½-256¾)
Opening	$616-619	(£259½-260¾)	$615-618	(£259-260¼)
Morning fixing	$620.75	(£261.291)	$610	(£256.884)
Afternoon fixing	$617.50	(£259.345)	$606	(£255.082)
Gold Coins				
Krugerrand	$637-639	(£267½-269½)	$626½-628½	(£263¾-265¾)
Mapleleaf	$631-635	(£265-266)	$620½-624½	(£261¼-263¼)
New Sovereigns	$156½-157½	(£65¾-66¾)	$154½-155½	(£65-66)
King Sovs	$185-187	(£77½-78½)	$180-182	(£75¾-76¾)
Victoria Sovs	$185-187	(£77½-78½)	$180-182	(£75¾-76¾)
French 20s	$165-168		$162-165	
50 pesos Mexico	$757-762		$747-752	
100 Cor. Austria	$610-615		$598-603	
$20 Eagles	$744-748		$733-738	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

July 21 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	10-18¼	—	—	—	16¼-17¾	15-16	—	—	—
2 days notice	—	—	16¾-17	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17-17⅝	16⅞-17	—	17¾	17½-17¾	16	—	—	—
One month	15½-15 11/16	16 15/16-17	16⅞	17¼-17½	17⅛	17-17⅜	15¾	14 11/16-14 5/8	15 ⅞	16⅞
Two months	16 1/16-15 15/16	16 1/16-15 15/16	—	17-17¼	16¾	—	15⅛-15¼	14⅝-14 21/32	15¾-15 13/16	16¼
Three months	15½-15 13/16	15⅝-15 13/16	15½-15¾	15⅝-16	16⅛	16¼	14¾	14 9/16-14 5/8	14 9/16-14 5/8	15⅝
Six months	14½-14⅜	14⅞-14⅝	14¼-14½	14¼-14⅝	14⅞	15¼	—	—	13 31/32-13 [illegible]	13⅞
Nine months	13⅝-13½	13⅝-14	—	13⅞-14⅛	14⅛	14¾	—	—	—	—
One Year	13 11/16-13 5/16	13⅝-13½	13⅝-13⅝	13⅝-13⅝	13¾	14½	—	—	—	—
Two years	—	—	13⅝-13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13¾-13½ per cent; four years 13¾-13½ per cent; five years 13⅛-13⅜ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14 5/16-14¼ per cent; four-month trade bills 15⅞ per cent.

Approximate selling rate for one-month Treasury bills 14 7/16-14 25/32 per cent; two-months 14½ per cent; three-months 14 7/16 per cent. Approximate selling rate for one-month bank bills 15 5/16 per cent; two-months 15⅝-15 11/16 per cent; three-months 14 25/32-14 23/32 per cent; one-month trade bills 16⅞ per cent; two-months 16 per cent and three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from July 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.5219 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on July 21, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	105.0
Albania	Lek	10.12
Algeria	Dinar	9.1135
Andorra	French Franc	9.63
	Spanish Peseta	168.95
Angola	Kwanza	66.232
Antigua (S)	E. Caribbean $	6.43
Argentina	Ar. Peso Free Rate	4,453.0
Australia (S)	Australian $	2.0485
Austria	Schilling	29.405
Azores	Portug. Escudo	115.0
Bahamas (S)	Ba. Dollar	2.3805
Bahrain (S)	Dinar	0.897
Balearic Isles	Spa. Peseta	168.95
Bangladesh (S)	Taka	34.52
Barbados (S)	Babados $††	4.7610
Belgium	B. Franc	(cm) 66.35
		(fn) 66.70
Belize	B $	4.7610
Benin	C.F.A. Franc	481.5
Bermuda (S)	Bda $	2.3805
Bhutan	Indian Rupee	18.42
Bolivia	Bolivian Peso	59.45
Botswana (S)	Pula	1.8440
Brazil	Cruzeiro ‡‡	126.50
Brit. Virgin Isles (S)	U.S. $	2.3805
Brunei (S)	Brunei $	5.0225
Bulgaria	Lev	1.9915
Burma	Kyat	16.00
Burundi	Burundi Franc	212.46
Cameroon Republic	C.F.A. Franc	481.5
Canada	Canadian $	2.7445
Canary Islands	Spanish Peseta	168.95
Cape Verde Isle	Cape V. Escudo	86.60
Cayman Islands (S)	Cay. Is. $	1.9835
Cent. Af. Repub.	C.F.A. Franc	481.5
Chad	C.F.A. Franc	481.5
Chile	C. Peso	(Bk) 92.72
China	Renminbi Yuan	3.4271
Colombia	C. Peso	(F) 112.83
Comoro Islands	C.F.A. Franc	481.5
Congo (Brazaville)	C.F.A. Franc	481.5
Costa Rica	Colon	20.45
Cuba	Cuban Peso	1.5992
Cyprus (S)	Cyprus £	0.816
Czechoslovakia	Koruna	(com) 12.20
		n/c 21.25
		(T) 21.00
Denmark	Danish Krone	12.825
Djibouti	Fr.	405 (sg)
Dominica (S)	E. Caribbean $	6.43
Dominican Repub.	Dominican Peso	2.3805
Ecuador	Sucre	(O) 59.61
		(F) 65.61
Egypt	Egyptian £	(U) 1.67
Equatorial Guinea	Ekpwele	168.95
Ethiopia	Ethiopian Birr	(P) 4.8550
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	12.825
Fiji Islands	Fiji $	1.9130
Finland	Markka	8.565
France	French Franc	9.63
French C'tyin Af*	C.F.A. Franc	481.5
French Guiana	Local Franc	9.63
French Pacific Is.	C.F.P. Franc	170 (sg)
Gabon	C.F.A. Franc	481.5
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.1475
Germany (West)	Deutsche Mark	4.1475
Ghana (S)	Cedi	6.52
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	102.364
Greenland	Danish Kroner	12.825
Grenada (S)	E. Caribbean $	6.43
Guadaloupe	Local Franc	9.63
Guam	U.S. $	2.3805
Guatemala	Quetzal	2.3805
Guinea Republic	Syli	44.15
Guinea Bissau	Peso	78.70
Guyana (S)	Guyanese $	6.0700
Haiti	Gourd	11.90
Honduras Repub.	Lempira	4.77
Hong Kong (S)	H.K. $	11.68
Hungary	Forint	(com) 74.3828
		(T)(nc) 52.3682
Iceland (S)	I. Krona	1,088.74
India (S)	Ind. Rupee	18.42
Indonesia	Rupiah	1,486.25
Iran	Rial	n/a
Iraq	Iraq Dinar	0.70215
Irish Republic (k)	Irish £	1.1040
Israel	Shekel	12.275
Italy	Lira	1,971.75
Ivory Coast	C.F.A. Franc	481.5
Jamaica (S)	Jamaica Dollar	4.2455
Japan	Yen	524.5
Jordan (S)	Jordan Dinar	0.692 (sg)
Kampuchea	Riel	2,856.5
Kenya (S)	Kenya Shilling	17.285
Kiribati	Australian $	2.0485
Korea (Nth)	Won	2.01 (II)
Korea (Sth)	Won	1,440.84
Kuwait	Kuwait Dinar	0.633
Laos	Kip Pot Po	38.05
Lebanon	Lebanese £	8.1270
Lesotho	Loti	1.81625
Liberia	Liberian $	2.3805
Libya	Libyan Dinar	0.7045
Liechtenstein	Swiss Franc	3.815
Luxembourg	Lux Franc	66.35
Macao	Pataca	12.60
Madeira	Portug'se Escudo	115.0
Malagasy Republic	MG Franc	481.5
Malawi (S)	Kwacha	1.8750
Malaysia (S)	Ringgit	5.09375
Maldive Islands (S)	Mal Rupee	9.3455
Mali Republic	Mali Franc	963.0
Malta (S)	Maltese £	0.802
Martinique	Local Franc	9.63
Mauritania	Ouguiya	96.45
Mauritius (S)	M. Rupee	17.90
Mexico	Mexican Peso	54.56
Miquelon	C.F.A. Franc	481.5
Monaco	French Franc	9.63
Mongolia	Tugrik	(o) 6.693 (II)
Montserrat	E. Caribbean $	6.43
Morocco	Dirham	8.86 (sg)
Mozambique	Metical	67.65
Nauru	Australian Dollar	2.0485
Nepal	Nepalese Rupee	28.55
Netherlands	Guilder	4.535
Netherland Antilles	Antillian Guilder	4.2610
New Hebrides	Franc	151 (sg)
	Aust. Dollar	2.0485
New Zealand (S)	N. Z. Dollar	2.4070
Nicaragua	Cordoba	23.775
Niger Republic	C. F. A. Franc	481.5
Nigeria (S)	Naira	1.270648 (sg)
Norway	Norway Krone	11.425
Oman Sultate of (S)	Rial Omani	0.821
Pakistan	Pakistan Rupee	23.33
Panama	Balboa	2.3805
Papua N. Guinea (S)	Kina	1.5675
Paraguay	Guarani	299.56
Peru	Sol	exc (A) 665.10
Philippines	Philippine Peso	17.22
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.4070
Poland	Zloty	(Cm) 70.88
		(T) 70.88
Portugal	Portugu'se Escudo	116.0
Puerto Rico	U.S. $	2.3805
Qatar (S)	Qatar Ryal	8.64
Reunion Ile de la	French Franc	9.63
Romania	Leu	(Cm) 10.48
		(n/c) T28.15
Rwanda	Rwanda Franc	216.54
St. Christopher (S)	E. Caribbean $	6.43
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	6.43
St. Pierre	Local Franc	9.63
S. Vincent (S)	E. Caribbean $	6.43
Salvador El	Colon	5.95
Samoa American	U.S. $	2.3805
San Marino	Italian Lira	1,971.75
Sao To'e & Principe	Dobra	80.95
Saudi Arabia	Ryal	7.87
Senegal	C.F.A. Franc	481.5
Seychelles	S. Rupee	14.75 (sg)
Sierra Leone (S)	Leone	2.4351
Singapore (S)	Singapore $	5.0225
Solomon Islands (S)	Solomon Is. $	1.9335
Somali Republic	Somali Shilling	(A) 14.30
South Africa (S)	Rand	1.81625
South West African Territories (S)	S. A. Rand	1.81625
Spain	Peseta	168.95
Spanish ports in North Africa	Peseta	168.95
Sri Lanka (S)	S. L. Rupee	37.65
Sudan Republic	Sudan £ (1)	1.19
Sudan Republic	Sudan £ (2)	1.90
Surinam	S. Guilder	4.2610
Swaziland (S)	Lilangeni	1.81625
Sweden	S. Krona	9.79
Switzerland	Swiss Franc	3.815
Syria	Syria £	(A) 9.3365
Taiwan	New Taiwan $	85.70
Tanzania (S)	Tan. Shilling	19.30
Thailand	Baht	48.16
Togo Republic	C.F.A. Franc	481.5
Tonga Islands (S)	Pa'anga	2.0485
Trinidad (S)	Trinidad & Tob. $	5.7130
Tunisia	Tunisian Dinar	0.933 (SG)
Turkey	Turkish Lira	185.17
Turks & Caicos	U.S. $	2.3805
Tuvalu	Australian $	2.0485
Uganda (S)	Uganda Shilling	17.20
United States	U.S. Dollar	2.3805
Uruguay	Uruguay Peso	(cm) 21.48
		(fn) 21.50
Utd. Arab Emirates	U.A.E. Dirham	8.75
U.S.S.R.	Rouble	1.5135
Upper Volta	C.F.A. Franc	481.5
Vatican	Italian Lire	1,971.75
Venezuela	Bolivar	10.21
Vietnam	Dong	(O) 5.1840
		(T) 4.9215 (II)
Virgin Islands U.S.	U.S. Dollar	2.3805
Western Samoa S.	Samoan Tala	2.100
Yemen (Nth)	Ryal	10.77 (SG)
Yemen (Sth)	S. Yemen Dinar	(A) 0.8120
Yugoslavia	New Y Dinar	64.7507
Zaire Republic	Zaire	6.803813
Zambia	Kwacha	1.8250
Zimbabwe	Zimbabwe $	1.4950

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports. 100.0. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (II) Based on gross rates against Russian rouble. (1) Official rate for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports.

JOBS COLUMN

Portrait of the rising star of industry

BY MICHAEL DIXON

TIME WAS when adults seemed to expect that all small boys wanted to be engine drivers, and every little girl a nurse. So there was usually a pause in the conversation after I answered the kindly, and usually stout ladies and gentlemen who asked about my career aspirations.

Up to 1938 my reply was "veterinary surgeon." But then, after watching cinema newsreels of Neville Chamberlain being cheered for just flying off in an aeroplane and coming back with a bit of paper. I decided to become a prime minister instead.

But neither reply nonplussed my questioners for more than a couple of seconds, after which they had no difficulty in talking intelligibly about my choice. They, like almost everyone else, knew what vets and premiers did, and had a fair idea of what sort of people they were.

How many adults today could engage in similarly sensible discussion with a little horror who wanted to become a "new technologist"?

Not very many, I'd wager, even though there could be few wiser choices for the foreseeable future than a career based on expert understanding of the hardware and software of electronics or the still more advanced technologies. I would wager also that, asked to picture mentally a typical new technologist, most of us would share a similar vision. It is of someone incapable of explaining to a layman what the work involves: a tense, serious person, shy almost to the point of awkwardness, with a head too full of figures and formulae to accommodate many intelligible words.

Whether or not consultant psychologist Dawn Adams also shared this vision, I do not know. But last October she started to try to find out what the typical new technologist was really like, by studying candidates for relevant specialist and managerial jobs being offered through Cambridge Recruitment Consultants.

'Fleshware'

During the following six months, she gathered information on 132 such people from their applications, their results in tests of personality and of reasoning ability, and their interviews. And although she emphasises that the study was far from exhaustive, it has at least provided a "tentative picture of some of the people who perform critical technical functions in those industries on which Britain's future may depend." Since the Jobs Column is inevitably limited to describing only the main features of this picture, however, readers professionally concerned with the new technologist had better know that the full report can be obtained for £12.50 from the consultancy at 1a Rose Crescent, Cambridge CB2 3LL.

For a start, the job-seeking "fleshware" of high technology still seems overwhelmingly male. Only one of the 132 candidates was a woman. Four of the total were aged less than 25 and six were over 50 with the rest between, giving a median age of 33 and an average age of 34 years and seven months. Five in every six were married, mostly with more than one child still in education, although one in every five of the whole sample was married but had no children.

Three quarters had degrees, 16 at doctorate level, 18 at master's, and 67 at bachelor's. Of the non-graduate quarter, a dozen had a Higher National qualification.

Non-graduates accounted for four of the six with a current salary of £15,000-plus, and for five of the 11 receiving £13,000-plus. When broken down into average groups, the average salaries were: £6,250 under 25; £7,080 at 25-29; £9,990 at 30-34; £10,350 at 35-39; £10,860 at 40-44; £10,360 at 45-49; and £14,125 at 50 and over.

The salaries they were seeking ranged from £20,000 in one case to £6,000-plus in five cases, giving a median figure sought of £10,000 and an average of £10,693. In general they were disinclined to accept a post without an increase of less than £1,000 to £1,500, even though one in five admitted being required to make a change through redundancy or some other external circumstance. The average length of service with their current employer was almost five years; the average length of time in their present position was 2½ years.

I apologise for trotting out so many numbers, but it seemed essential to describe the statistical skeleton underlying Dawn Adams' sketch of what the new technologist is like as a personality.

It turns out that anyone who imagines him to be the anxious inarticulate introvert whom I depicted earlier, could hardly be more mistaken. By comparison with the average person of the same age range, Ms. Adams said, the candidates were "considerably more sociable and outgoing, indeed they seemed rather jolly." Far from being anxious, they were also calmer, and a good deal more self-assured and unusually willing to express their ideas and opinions in public, particularly against criticism.

By comparison with students taking degrees in science and technology, the new technologists were considerably less content with work of the back-room sort. "They like to work with lots of people around them," Dawn Adams added, "and they have a very strong preference for tackling practical problems that require a practical solution inside a practical period of time."

Even so, the candidates seemed if anything more at home than the students with theoretical and abstract questions, and distinctly brighter in the sense of being quick to grasp new ideas. As for being inarticulate, the results of the test of verbal-reasoning ability showed the candidates to be generally more fluent with words, not only than students taking science-side degrees, but also than arts graduates and middle-managers selected by their superiors as having high executive potential.

Ingenuous

In short, the study suggests that the job-seeking new technologist has much in common with what would probably be most people's image of "the man most likely to succeed." But there was one snag, Ms Adams said. The candidates tended to go beyond being sociable to the point of being somewhat ingenuous in their dealings with their fellow managers. "They're not your Machiavelli; you could hardly call them political animals at all. I wonder whether that has something to do with engineering-type departments being largely given a lower status than other functions in industry as a whole?"

The half dozen recruitment managers from high-technology companies who listened to her report on the study at a seminar in London the other day, made no attempt to answer that question. But when she also asked where the new technologists acquired their—to her and me, at least—surprising social confidence, competitiveness and verbal fluency, several of the company managers had a ready reply.

It came from possessing skills that were in great and increasing demand, they said. Even the 20 per cent of the candidates who were losing their present job, had little or nothing to worry about.

"Only the other week I heard that an electronics plant down the road was going to shut," explained one recruiter. "So I rang up straight away and said I'd be happy to see any qualified staff who were looking for a job. They said, well, they'd put me on the list, but several other companies were already ahead of me. So you can see that demand for electronics engineers and the like in this country is so high that redundancy needn't mean anything worse than a chance to draw a lump sum in compensation before moving on to your next employer"

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BOX NO: A7232.
Financial Times, 10 Cannon Street,
London EC4P 4BY

UNIVERSITY OF EDINBURGH
POST OF FINANCE OFFICER

Applications are invited for the post of Finance Officer, to succeed Mr. R. O. Currie, University Accountant, who retires on 30th September, 1980.

The Finance Officer will be a member of the senior administrative team called upon to advise on general policy matters in the University. He will be responsible to the Secretary to the University but will have close day-to-day contact with the Principal and Vice-Chancellor.

While the possession of an accountancy qualification would be an advantage, it is not deemed essential. Preference will be given to candidates with previous experience in University administration.

The salary will be on the Administrative Grade IV Salary Scale together with superannuation benefits.

Further particulars may be obtained from the undersigned with whom applications (ten copies) giving the name of three referees, should be lodged not later than 8th September, 1980.

Please quote reference 10/80.
A. M CURRIE,
Secretary to the University
Old College,
South Bridge,
Edinburgh EH8 9YL.

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H. J. HEINZ COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 6% Debenture Stock 1975/84, and the 5½% Debenture Stock 1976/85, of this company, is closed from 17 to 30 July, 1980—both dates inclusive.
Hayes Park,
Hayes,
Middlesex.
18 July, 1980.

COMPANY NOTICE

BANQUE NATIONALE DE PARIS
Floating Rate - Note Issue of US$ 70 million - January 1977/83

The rate of interest applicable for the six months period beginning on July 21st, 1980 and set by the reference agent is 9¹¹⁄₁₆% annually.

New Business Executives

Industrial Hire Purchase

A member of the Grindlays Bank Group, Atlas Hire Purchase Limited, is establishing new offices in the Leeds and East Midlands areas, and extending operations in its London office. The Company provides financing mainly for capital intensive projects such as plant and machinery, commercial vehicles and car fleets. These appointments arise as a consequence of a planned expansion programme.

Executives will have profit centre responsibility for the establishment and development of business areas in which they operate. Candidates should, therefore, have wide contacts at senior level, be self-starters and have had a highly successful career to-date in a new business capacity with a national Finance House. They should preferably be professionally qualified in either accountancy or banking and must be able to introduce substantial good quality non-consumer hire purchase business.

The salary will be very attractive to candidates already earning in excess of £8,000 p.a. A company car will be provided. Additional benefits include subsidised mortgage facilities and non-contributory pension schemes. Prospects are excellent.

All applications should give details of age, education, past experience, present salary and be addressed to:

Anne Evans, Manager U.K. Appointments, Grindlays Bank Limited, 36 Fenchurch Street, London EC3P 3AS. Tel: 01-626 0545.

Atlas Hire Purchase Ltd.

CONTRACTS AND TENDERS

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

Prequalification to Tender for Completion of the Construction of Al-Mukalla Harbour

The Port of Aden Authority of the People's Democratic Republic of Yemen invites experienced contractors to apply to be qualified to submit Tenders for the completion of construction and maintenance of Al-Mukalla Harbour.
The works have been partially completed (about 25 per cent) by a contractor (now in liquidation) and taking over existing work (both permanent and temporary), equipment and materials will form part of the contract.

The whole of the works comprises, but is not necessarily limited to, the following:

—Taking over permanent and temporary works, equipment and materials provided by a contractor (now in liquidation) the legal ownership of which is entirely vested in the employer.

—Completion of the wave protection works of the harbour; two quay walls for the berthing of general cargo ships of up to 10,000 d.w.t., one 175 m. long and 10 m. depth of water, known as Berth No. 1, and the other 170 m. long and 10 m. depth of water, known as Berth No. 2; a shallow water quay 155 m. long for berthing fishing vessels up to 200 tonnes capacity, known as Fishing Quay; related dredging of quay wall trenches and the harbour basin; reclamation of the on-shore areas behind Berth No. 2 and the Fishing Quay; and outlets and ducts for various services to quays. In addition to the above the employer invites contractors to include in their Tenders for certain optional works identified in the Tender Documents.

—The works described are a part of the overall harbour works being or to be executed by others consequently time is of essence.

—Completion is required as follows:

Section 1.— 194 days —Fishing Quay and other related works.

Section 2.— 318 days — Civil works to area of fishmeal plant, waste water pump station, storage tanks and weighbridge (provisional works).

Completion — 638 days — Total harbour works.

Contractors interested in submitting Tenders are invited to collect the Documentation for Prequalification from the offices of:

Yemen Ports Authority, Aden, People's Democratic Republic of Yemen, or
Dar Al-Handasah Consultants (Shair and Partners) UK Ltd.
91 New Cavendish Street, London, W1, United Kingdom
Telex: 27187 Darsah G Telephone: 01-637 8622

and return it in two copies, one to each of the above addresses, duly completed and signed not later than 30th August, 1980. Only contractors who have been qualified will receive an invitation to Tender.

APPOINTMENTS

Porvair managing director change

Mr. Joe Clegg has been appointed managing director of PORVAIR. He was previously deputy managing director and succeeds Mr. Walter O'Keefe, who is returning to the U.S. to take up a senior position with Inmont Corporation, the parent company, in which he will be responsible directly to the company's president. Mr. O'Keefe will remain on the Porvair Board.

★

Mr. A. W. Howitt, senior executive partner of PEAT MARWICK MITCHELL AND CO., has been elected Master of the Merchant Taylors' Company for the year 1980-81. His Wardens will be Lord Newall, Mr. P. M. Woolley, Mr. Deputy M. H. Oram and Mr. J. R. Perring. His Chaplain is Lord Coggan, the former Archbishop of Canterbury. Mr. Howitt is a past president of the Institute of Cost and Management Accountants and a former chairman of the Management Consultants Association.

★

Mr. Alec H. King has been appointed vice-chairman of the CAKE AND BISCUIT ALLIANCE. He is a director of Chiltonian, but will join UB (Biscuits) with special responsibility for trade association affairs on November 1.

★

Mr. P. J. T. Herbert has been appointed chairman of the ABERCOM GROUP following the death of Mr. Donald Ord. Mr. Herbert continues as chief executive. Mr. G. F. Buckley has become deputy chairman.

★

Mr. Mac Brunckhorst will retire as managing director of ANZ BANKING GROUP on October 31. He will also retire on that date as a director of the bank, as chairman of its main subsidiaries and, in consequence, from all directorships associated with his banking involvements.

★

Mr. William W. Bilhorn has been elected president of AMAX IRON ORE CORPORATION, replacing Mr. Elwin E. Smith who will take over the responsibilities of chairman of the executive committee. Mr. Bilhorn remains president of Amax Mineral Sales Corporation and Amax Pacific Sales Corporation. The three companies are subsidiaries of Amax Inc. and units of the industrial minerals and resources group.

★

Mr. Tim King has been appointed chairman of VELCOURT in succession to Mr. J. Rhys Thomas, who has retired.

★

GKN STEELSTOCK has made changes in Board duties following the retirement of Mr. Jack Wells. Mr. Tom Baxter-Wright adds purchasing responsibility to marketing, and hands over control of sales to Mr. John Price, who continues as product group director, flat rolled steels. Mr. Norman Richards remains chairman and chief executive, Mr. Walter Dean, as controller and Mr. Ted Evans as product director, general steels.

★

CSR has appointed Mr. John Cook as general manager of BUCHANAN BOREHOLE COLLIERIES PTY. He was previously with Atlas Copco Australia as national sales manager.

★

Mr. I. P. M. Cargill, formerly senior vice-president, and vice-president finance, the World Bank, Washington, has been co-opted to the Board of BCCI HOLDINGS (LUXEMBOURG) SA as a non-executive director. He will also act as an adviser to the Bank of Credit and Commerce International Group which has offices in 41 countries. Mr. Cargill was with World Bank for more than 20 years and retired last week.

★

Mr. B. R. Rudman, chief accountant of BUTTERICK FASHION MARKETING COMPANY (UK), has joined the Board as financial director.

★

Dr. David Grant has been appointed technical director on the Board of AUTOSENSE EQUIPMENT, a subsidiary of the United Technologies Corporation of America.

★

Mr. Robin Ahlström, Mr. Christopher Barrett, Mr. Andrew Pocock, Mr. David Woodward and Mr. John Woolfenden have been appointed assistant general managers of SCANDINAVIAN BANK.

★

Mr. W. J. Stuart has been appointed a director of WIGHT HOLDINGS with special responsibility for development activities. Mr. Stuart is a chartered engineer and a Master of Engineering of Glasgow University.

★

GODWINS, employee benefit and personal financial planning consultants, has made the following group changes.

Mr. Tim Mitchell has been appointed director of corporate client policy and Mr. Peter Wilson, director of private client policy. Mr. Stuart Elliot has been made managing director, Godwins (Central); Mr. Bernard Jones, managing director, Godwins (North); Mr. John Porter, deputy managing director, Godwins (Central Services); Mr. Bill Gill, director, Godwins (Central); Mr. David Gulliver, director of Godwins (Central); and Mr. David Major, director of Godwins (Overseas).

★

Mr. Stephen J. Smith has been appointed engineering director of P. D. (TECHNICAL MOULDINGS).

EUROPEAN OPTIONS EXCHANGE

Series	July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C F.300	1	15.10	—	—	—	—	F.313.50
ABN C F.320	—	—	—	—	8	7.80B	"
AKZO C F.22.50	172	1.80	89	2.50	—	—	F.23.10
AKZO C F.25	135	0.60	10	1	2	1.50	"
AKZO P F.22.50	—	—	15	0.90	—	—	"
AKZO P F.25	—	—	—	—	2	3	"
AKZO P F.27.50	5	4.80	—	—	—	—	"
AMRO C F.65	13	3.40	—	—	—	—	F.67.40
AMRO C F.70	49	1.10	34	1.50	—	—	"
HEIN C F.60	9	3.80	—	—	—	—	F.61
HEIN C F.65	7	2.10	—	—	—	—	"
HEIN P F.60	1	2.60	—	—	—	—	"
HOOG C F.17.50	35	1.20	—	—	—	—	F.16.90
HOOG C $22.50	50	0.20	—	—	—	—	"
IBM C $60	3	6½	—	—	—	—	$65¼
IBM C $65	40	3⅝	—	—	—	—	"
IBM C $70	10	1⅝	—	—	—	—	"
IBM C $75	1	⅛	—	—	—	—	"
KLM C F.60	28	6.50	27	7.70	—	—	F.63.60
KLM C F.70	38	1.80A	10	3.40	—	—	"
KLM P F.70	21	9.20	—	—	—	—	"
NAT C F.104.50	6	13.50	—	—	—	—	F.117.60
NATN C F.110	14	8.50A	7	11	—	—	"
NATN C F.120	15	2.70	17	4.40	—	—	"
NATN P F.110	—	—	6	3.50	—	—	"
NATN P F.120	—	—	5	7	—	—	"
PHI C F.17.50	14	1.40	3	1.80	—	—	F.18.40
PHI C F.20	220	0.40	115	0.60	2	1	"
PHI C F.22.50	20	0.10	—	—	—	—	"
PHI P F.20	5	1.60	—	—	—	—	"
OLIE C F.150	30	23.50	—	—	—	—	F.172.80
OLIE C F.160	201	14	78	14.80	—	—	"
OLIE C F.170	194	6	32	8.20	10	11	"
OLIE C F.180	202	2.20	3	4.20	8	5.80	"
OLIE P F.140	10	0.30	—	—	—	—	"
OLIE P F.150	95	0.80	21	1.60	—	—	"
OLIE P F.160	25	3.10	4	3.90	—	—	"
OLIE P F.170	12	7.30	2	9.10	—	—	"
OLIE P F.180	15	13	—	—	—	—	"
UNIL C F.120	25	4.80	—	—	—	—	F.122.80
UNIL C F.130	5	1.40	4	2.50	2	4	"
UNIL P F.110	—	—	10	2	—	—	"
UNIL P F.120	31	3.60	—	—	—	—	"
XERO C $70	2	1	—	—	—	—	$59⅞
	Aug.		Nov.		Feb.		
SLUM C $110	—	—	20	15¾	—	—	$125⅝
SLUM C $120	—	—	—	—	2	13⅛	"
VEBA C DM150	5	3	—	—	—	—	DM152
TOTAL VOLUME IN CONTRACTS					2309		

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank .... 16 %
Allied Irish Bank ...... 16 %
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A P Bank Ltd. .... 16 %
■ Arbuthnot Latham ... 16 %
Associates Cap. Corp. 16 %
Banco de Bilbao .... 16 %
Bank of Credit & Cmce. 16 %
Bank of Cyprus .... 16 %
Bank of N.S.W. .... 16 %
Banque Belge Ltd. ... 16 %
Banque du Rhone et de la Tamise S.A. 16½%
Barclays Bank .... 16 %
Bremar Holdings Ltd. 17 %
Brit. Bank of Mid. East 16 %
■ Brown Shipley .... 16 %
Canada Perm't Trust... 17 %
Cayzer Ltd. .... 16 %
Cedar Holdings .... 17 %
■ Charterhouse Japhet ... 16 %
Choulartons .... 17 %
C. E. Coates .... 16 %
Consolidated Credits ... 17 %
Co-operative Bank ......*16 %
Corinthian Secs. .... 16 %
The Cyprus Popular Bk. 16 %
Duncan Lawrie .... 16 %
Eagil Trust .... 16 %
E. T. Trust Limited ... 17 %
First Nat. Fin. Corp.... 19½%
First Nat. Secs. Ltd. ... 19 %
Robert Fraser .... 16 %
Antony Gibbs .... 16 %
Greyhound Guaranty... 16 %
Grindlays Bank ....‡16 %
■ Guinness Mahon ...... 16 %
Hambros Bank .... 16 %
■ Hill Samuel ....§16 %
C. Hoare & Co. ....†16 %
Hongkong & Shanghai 16 %
Industrial Bk. of Scot. 17½%
Keyser Ullmann ...... 16 %
Knowsley & Co. Ltd. ... 18 %
Langris Trust Ltd. ...... 16 %
Lloyds Bank .... 16 %
Edward Manson & Co. 17 %
Midland Bank .... 16 %
■ Samuel Montagu......... 16 %
■ Morgan Grenfell ...... 16 %
National Westminster 16 %
Norwich General Trust 16 %
P. S. Refson & Co. ... 16 %
Rossminster .... 16 %
Ryl. Bk. Canada (Ldn.) 16 %
Schlesinger Limited ... 16 %
E. S. Schwab .... 16 %
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§ Demand deposits 14½%.

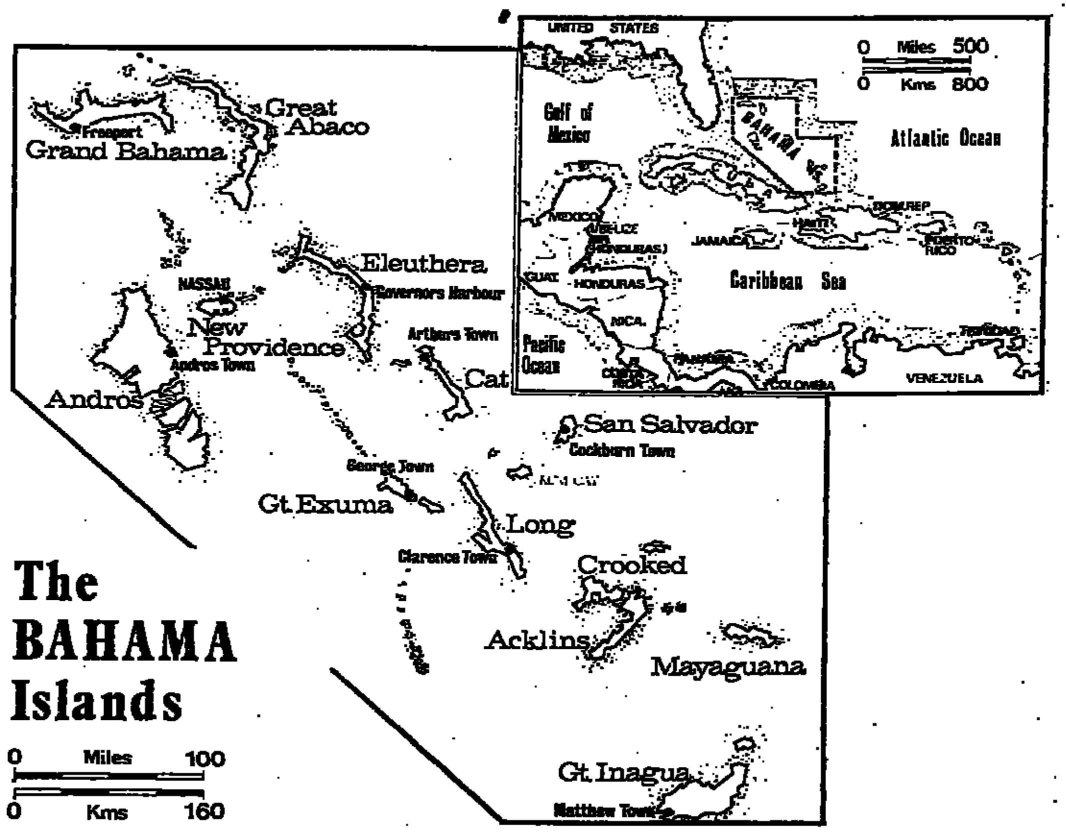
هكذا من الأصل

FINANCIAL TIMES SURVEY

Tuesday July 22 1980

Bahamas

Seven years after independence, the Government of Mr. Lynden Pindling looks politically stronger than ever. But the country's economy remains tied overwhelmingly to the fortunes of its tourist industry while in Nassau, high unemployment and other social problems are causing concern.



Progress—but slower than expected

By Ian Hargreaves

THIS MONTH the independent Commonwealth of the Bahamas celebrated its seventh birthday with the man who led the country to independence from Britain, Mr. Lynden Pindling, in an apparently unassailable position as Prime Minister.

Even his opponents expect him to strengthen his Progressive Liberal parliamentary position in the next general election, which must be held within the next two years, Mr. Pindling himself says he expects to add two more seats to the 30 his party already controls, reducing a fragmented opposition from eight to six members.

Whatever the undoubted achievements of one of the most stable democractically elected governments of the region, the fact that the electoral popularity of the PLP continues to grow is in many respects remarkable.

The Prime Minister has been promising full employment ever since he came to power—there was over employment in 1970 before independence—but today unemployment in the ribbon of islands stretching 700 miles from the U.S. West Coast could be as high as 30 per cent. The Government does not publish statistics, but even Mr. Pindling's own estimates put the rate at 28 per cent for the under 25s.

Add to this record inflation of 13 per cent, in spite of price controls, progressive decline in real income for a large slice of the working population as wages have lagged behind inflation for several years, and a nasty wave of violent crime on New Providence Island, where 60 per cent of the population lives, and the popularity of the Government may be judged even more remarkable.

No cataclysm

Mr. Pindling, of course, attributes his party's electoral popularity, recently confirmed in a by-election, to the progress made under his Government's programmes. There has indeed been progress.

The important nationalistic goal of Bahamianisation — placing local citizens in jobs formerly occupied by expatriates—has sped ahead without the predicted cataclysmic effects upon the economy. Tourism, which accounts for three quarters of economic activity, is booming as never before. Although inflation is high, it is moderate by international comparison and a conservative fiscal regime has ensured a string of balance of payments surpluses and the absence of wild swings in interest rates.

The international financial sector, which uses Nassau as an offshore booking centre for billions of dollars of Eurocurrency transactions, is still getting bigger, with a recent influx of Swiss interest. A start has been made on reducing the country's reliance upon imported foods.

And by all diplomatic accounts the Government acquitted itself well in the recent, highly provocative incident in its waters when a Bahamian vessel was sunk by Cuban jets and the population of one of the country's 29 inhabited islands were subjected to a day of terror as the planes simulated attack runs over local inhabitants.

This aside, however, it is evident that much of the PLP's electoral strength stems from the weakness of the ramshackle Opposition which consists primarily of the splinters of the former Free National Movement Party. Mr. Norman Solomon, the present Leader of the Opposition and owner of a Nassau dress shop, accepts bluntly that his own white skin precludes him from political power. His goal, he says, is to ensure the survival of the Opposition in the next election to allow opponents of the PLP to mobilise for 1987.

The more fundamental problem is that none of the opposition parties represented in Parliament offers a significantly different political alternative to Mr. Pindling. They are all mixed economy, nationalistically-minded pragmatists.

Organisation

The exception, outside Parliament, is the small but well organised Vanguard Socialist Party, which won only 1 per cent of the votes cast in the 1977 election, but which many regard as a serious contender in any future political vacuum, especially in the shack-town "over the hill" section of Nassau. It is not that opposition to the PLP does not exist—Mr. Pindling's party had only 55 per cent of the popular vote in 1977—it is a question of organisation. The country's trade union movement, for example, is showing some signs of restiveness from its traditional allegiance to the PLP, but in the present order of things has no alternative political home.

Today, most of the attacks of the Pindling Government focus on its alleged bureaucratic inefficiency and its alleged corruption. Morality is also at the heart of the noisiest current row in Bahamian politics, the question of the Government's proposal to amend the country's seven-year-old constitution.

The proposal, which is intended to go to national referendum after clearing Parliament, would retroactively deprive an estimated 2,000 people living in the Bahamas of their rights to Bahamian citizenship should they desire to take it. The Government lost in the courts a test case from one of those affected, Mr. D'Arcy Ryan, and so came up with the present legislation.

The Government's proposals have drawn strong fire from some legal and religious opinion, as well as from Opposition politicians, but Mr. Pindling says he is determined to press ahead to prove the right of a Bahamian Government to determine such matters. He will probably win the referendum handsomely, in part because it is erroneously related in some popular thought with efforts to stem the flow of illegal immigrants from Haiti. These highly unpopular Haitians are now thought to account for more than 10 per cent of the country's estimated 242,000 population.

Another local controversy surrounds the proposed enactment of measures limiting foreigners' rights to acquire land, a move which has snarled up the construction industry with even longer than usual planning delays and which some feel could have a significant long-term effect upon the only recently revived building sector, especially in Freeport, where expatriates' memories of Government interference are not sweet.

Mr. Pindling, however, is far less worried about these matters than about deteriorating social conditions in parts of Nassau, which could eventually hurt both the tourist industry and his own position. With the population still expanding at a breakneck 3.8 per cent a year, only a doubling of income from tourism over the next five years offers any hope of even holding the current position on unemployment.

Mr. Pindling, shrugging off the risks inherent for the Bahamas in the recession now gatherring momentum in the U.S., the islands' chief trading partner and supplier of tourists, believes his own country's economy is still growing towards a peak in the politically convenient year of 1982, when a major U.S. pharmaceuticals plant will begin production in Freeport.

He accepts, however, that public spending will have to be stepped up in what he has dubbed the country's "social revolution"—a 10-year $50m programme aimed at cleaning up Nassau, improving the infrastructure and putting the poorer people into decent houses.

He also accepts that more money must be found for the overstretched police force to combat the crime wave. Although the overall level of crime last year was stable, there were 41 murders, compared with 15 in 1978, and this macabre rate has been more than maintained this year. On top of this is the fact that the Bahamas seems entirely incapable of preventing its scattered territory from being used as what U.S. officials believe may now be the most important drugs trafficking connection between Colombia and the plum U.S. market. The U.S. Embassy in Nassau now contains a full-time drugs squad officer.

But judging from past form, Mr. Pindling possesses adequate political skill and popular charisma, as the man who ended colonialism, to deal with these difficulties and with the ever present rumour of palace revolution from within his own party.

So long as the tourists do not let him down, there is no reasson why, at the age of 50, he cannot weather the problems of the eighties as sturdily as he has emerged from the turbulent world economics of the 1970s.

CONTENTS

Economy being pulled in two directions

"WE ARE trying to ride two horses moving in opposite directions at the same time," says Mr. William Allen, the young Bahamian just appointed Governor of the country's Central Bank.

The horses in question are the need to deal with the problems of unemployment and poverty on the one hand while maintaining cohesive fiscal management on the other. Balancing these two forces is increasingly the central preoccupation of those responsible for managing the Bahamas economy, whose total turnover is equivalent to that of a second league U.S. industrial company.

The problem is not new. The Government has been wrestling with intransigent unemployment for six years, but its urgency is increased by the mounting scale of the social problems involved and the fact that a high birth rate offers no short term demographic relief and because the Government of Mr. Lynden Pindling is, at most, two years from the next general election.

Mr. Allen is adamant that there is is no question of the Central Bank coming under political pressure to loosen its traditionally tight monetary control to finance the Prime Minister's heralded "social revolution." Mr. Pindling insists that the $50m needed for the 10-year programme will come from the country's national insurance savings scheme, which now has a balance of around $90m.

For the international financial community, which has such a large presence in Nassau and, even more important, for foreign industrialists and developers considering projects in the Bahamas, these reassurances, always readily-available, are of great importance. Fiscal self restraint, which translates into the Government's refusal to levy income or significant corporate taxes, is, along with political stability, the bedrock upon which foreign investment in the Bahamas has been built.

But that does not make it any easier for the Government to continue to maintain these conditions at a time when political pressures at home are still being compounded by a soaring oil bill and the even more dangerous import of, until recently, unchecked inflation from the U.S., the Bahama's most important trading partner.

For the Central Bank, the last nine months have been tough. In the final quarter of last year the economy, primed by tourism, accelerated, and domestic credit demand, notably in the construction sector, took off.

At the same time, interest rates in the U.S. started their feverish climb opening up eventually a 10 point gap between the official Bahamas prime lending rate and the domestic rate of the U.S. banks.

Deficit

The Central Bank decided that it could not risk the disruption to its own financial sector involved in following U.S. rates, so the Bahamas prime was held at 9 per cent, rising to 11 per cent only in February. This created perfect conditions for a flight of short-term foreign money at a time when domestic credit was already tight. Only a strong round of moral pressure from the Central Bank prevented a serious situation from getting worse. As it was, the country chalked up a $21m current account deficit in the final quarter.

Today, the country's foreign exchange reserves have recovered to their mid-1979 position and Mr. Allen is predicting a comfortable balance of payments surplus this year and a stable, albeit record, inflation rate of 12 to 13 per cent for the year. At present the Central Bank is inducing a mild consumer credit shortage at home by putting pressure on the commercial banks.

BASIC STATISTICS

Area	5,358 sq miles
Population (estimate)	242,000
Number of islands	700 (29 inhabited)
GNP (1978)	$682.8m
Per capita	$2,967
Trade (1979)	
Imports	$410m
Exports	$184m
Trade with UK (1978)	
Imports	$29.2m
Exports	$23.9m
Balance of payments (1978)	$+27m
Inflation rate (1979)	9.1%
(1978)	6.0%
Currency	Bahamian $ (at par with U.S.$)

Two factors produced the turnround in the foreign exchange position. One was the Government's announcement of intended land control legislation, which unintentionally put a damper on the construction sector. Second, and far more important, tourism, which probably accounts for 74 per cent of GNP (although there is no scientifically arrived at GNP assessment in the Bahamas) and three quarters of employment, picked up. Mr. Allen's confidence about 1980 is contingent upon the visitors continuing to arrive in record numbers.

There is a general awareness among senior Government officials, however, that the record tourism returns must be seen as a means of buying time to strengther the economy structurally and to increase its diversity. Tourism today is just as dominant in the economy as it was 10 years ago, in spite of huge Government efforts at diversification.

Seven years after independence, there is more realism about the best route towards diversification through a system of linkages with tourism designed to create the 6,000 new jobs a year the country needs to prevent even more of its youth drifting, as the Bahamians put it "on the rocks."

Thus we nave the present emphasis on agriculture and fisheries, discussed elsewhere in this survey. If the Bahamas can feed its tourists with predominantly Bahamian foods, then the real value of the tourist dollar will be much enhanced.

Of course, the country still wants industrial growth, and has been encouraged by ventures like the Smithline Pharmaceuticals project due to open in Freeport in 1982, to believe that it still has the ability to get it. But relatively high labour costs by Third World standards rule out significant manufacturing industry growth. Likewise there are hopes for further development of the financial services business, although an attempt to establish Nassau as a ship registration centre has proved fruitless.

There are still enormous obstacles to this policy and self evident risks of frightening proportions attached to failure. The optimists argue that tourism is now better organised than at any other time and that as a basic economic commodity it is more stable than many others. They also argue that a decade of Bahamanisation of jobs, along with numerous other trading efforts, has ripened the skills of the local workforce and the emergent middle class to enable the country to build in the 1980s upon the spadework of the 1970s.

The darker assessment is that a Government with a current budget less than $30,000m lacks the financial muscle to push the economy through its next orbit, whether it be in funding the vitally needed improvement in tourist transport to the outer islands or in managing the industrial and agricultural programmes. The pessimists also lack the will to do the job on the Government's behalf.

Three alarms

So far as the foreign investor is concerned, the Government has recently raised three specific alarms in its policies over changing the constitution, controlling the sale of land to foreigners (especially foreigners who want to borrow Bahamian dollars for their schemes) and the imposition of business licensing fees.

The land issue is potentially the most serious for the economy, although Mr. Pindling has been full of assurances about protection for legitimate deals in the interest of economic growth. But the foreigners sitting with frozen planning applications or unsaleable property and the banks holding the mortgages are not so sure.

The proposed constitutional change is of little direct economic significance, but some foreigners see it as another indication that the days of welcome foreign investment in the Bahamas are limited. Similarly with business licences designed to impose for the first time a modest fee of up to $180,000 a year, which sounds to some like the first footsteps of corporate taxation.

The Government testily refuses to pay much heed to these expatriate grumbles, regarding them as another outbreak of implied blackmail about the withdrawal of investor confidence of the kind which were common around the time of independence.

But investors' confidence remains pinned to the saddle of one of Mr. Allen's horses and reconciliation between this and other pressures does not promise to get any easier in the months ahead.

Ian Hargreaves

Islands' stability attracts the banking community

UNSETTLED CONDITIONS in the Middle East have focussed fresh attention on the advantages the Bahamas offers as a financial centre. In the aftermath of Iran and Afghanistan, security rather than tax avoidance has become the main incentive for the movement of bank and trust company business to the islands.

European fears that even Switzerland may be engulfed by political turmoil have become apparent from the presence of more than 20 Swiss bank branches and subsidiaries. In total there are 306 licensed banks and trust companies in the Bahamas, 21 of which were registered in the past year.

The size of the banking community reflects Nassau's growth as a Eurocurrency centre. Of the 108 Eurocurrency banks, 85 are U.S. branches. Because of the freedom allowed these offshore institutions, annual reports to the Central Bank do not separate the assets and liabilities of the Bahamian branches from the total world position of the parent.

However, international sources put the Bahamas' share of the market at close to 10 per cent, second only to London.

The International Monetary Fund shows the assets of U.S. bank branches in the Bahamas to have more than doubled from $38.3bn in 1975 to $89.7bn at the end of February 1980.

The Central Bank makes a clear distinction between domestic and offshore banks so as to supervise and control local monetary activity without impeding the free flow of Euromarket funds.

It was impossible, however, to insulate the domestic banking sector from the rapid increase in foreign interest rates that began in the last quarter of 1979.

Traditionally, commercial banks have lent mainly to the public sector, to established commercial businesses and to the real estate and construction sector. With the rise in interest rates abroad, local merchants took advantage of lower domestic credit costs to finance bigger than usual imports during the pre Christmas period.

There was also a heavy draw on funds to meet the demand for resort-related construction, but commercial banks were reluctant to make up the difference through costlier loans from abroad. These factors, combined with the Government's subsequent decision to cut off virtually all property sales to foreigners produced a shortage of local funds available for loans.

The Government contends that regulation of the real estate market is necessary to curb speculation and guarantee the future availability of land to Bahamians.

Ceiling lifted

The result was a $14m capital account deficit during the fourth quarter of 1979. The prime rate was raised from 9 to 11 per cent in February to bring it more in line with interest rates abroad and to reduce the demand for credit.

Parliament also lifted the 20 per cent ceiling on loan interest rates allowed licensed banks so as not to hamper Euromarket activity.

Initially, most of the Euromarket loans booked in the Bahamas were arranged at bank head offices and transacted through a Bahamian nameplate operation.

In recent years, more offshore banks have been opening their own Nassau offices and syndicating a growing number of loans from the Bahamas. The shift is largely the result of pressure from central banks and foreign tax authorities to make the "mind and management" of these banks truly offshore.

The Government is anxious to encourage the trend. Although profits earned by the offshore banking sector do not accrue to the domestic economy, it is estimated that more than $50m is pumped in annually by way of salaries, Government licence fees, immigration fees, stamp duties and other expenses. The sector as a whole employs about 2,100 people, 90 per cent of them Bahamian.

Recognising the importance of the financial sector to the economy, Mr. Lynden Pindling, Prime Minister, announced earlier this year that banking projects would be given the same favourable consideration as tourist or industrial projects under the Government's new land control policy.

One of the criticisms often levelled at the administration, however, is the length of time taken to process work permit applications for key expatriate personnel. Mr. Clement Maynard, the newly-appointed Minister of Labour who previously served as Tourism Minister, has recognised the problem and assured employers that in future they will be given an answer within 30 days. Bank representatives say the new policy appears to be working.

As further evidence of its support, the Government has exempted all banks and trust companies from the new business licence fee, and is limiting the fee for offshore companies, including captives, to a token $100.

The country's bank secrecy laws have also been tightened to further strengthen the Bahamas' position as a financial centre. The Banks and Trust Companies Regulation Act now clearly spells out the categories of person to whom disclosure is forbidden.

Included, in addition to employees, are directors, officers, agents, attorneys, consultants, auditors, accountants, receivers and liquidators of any bank or trust company licensed in the Bahamas, together with all their employees. Breach of the law, except by court order, could result in a $15,000 fine and/or two years' imprisonment.

The U.S. Internal Revenue Service has been most active in the past in attempting to obtain information on clients from Bahamian banks and trust companies. More recently, efforts by the major industrialised countries to monitor the worldwide lending practices of their banks has aroused concern as to the type of information that might be required of foreign bank branches in the Bahamas.

The Government nas made clear that banks licensed in the Bahamas are subject to Bahamian secrecy laws, and is wary of any measures that might reduce the volume of Euromarket business passing through.

There may well be a reduction in Euromarket activity in the Bahamas over the next decade. Regulatory or internal lending limits placed on commercial banks and the political and financial risks associated with some borrower countries, could lead to more of the recycling process being assumed by supranational institutions like the International Monetary Fund.

Two areas of diversification being encouraged by the Government within the financial sector are the development of a captive insurance industry and the establishment of the Bahamas as a ship registration centre.

Although the 1969 Insurance Act was amended two years ago to encourage the formation of captives, progress has been slow, largely because of the lack of captive management expertise.

Two insurance companies have set up management offices within the parent organisation and an independent company—Bahamas Underwriters Services—was established late last year.

BUSL is a subsidiary of the Charter Company, part owner of the Freeport, Grand Bahama refinery. Industry representatives point out that as a financial centre the Bahamas can provide captives with the investment advice they need but are not getting elsewhere.

International investment management comprises a major part of the activity of trust companies in the Bahamas. Business, most of it from Europe, has never been better. "People are looking for security and want to diversify their assets," a prominent trust company official said.

Stimulus

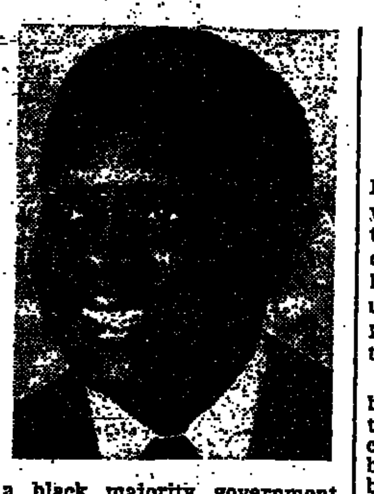
Ironically, the recent coup in Liberia and continued instability in that country could prove the needed stimulus to get Bahamanian ship registry off the ground. Shipowners under the Liberian flag are said to be exploring the possibilities.

The Bahamas' success as a financial centre has rested on its stable political and economic environment. But the country is entering the 1980s facing three potentially threatening situations.

First, the financial strain imposed by higher oil prices. Second, the complete disintegration of the parliamentary opposition at a time when public criticism of the Government is mounting, and third, the existence of a very high illegal Haitian population that is putting severe strain on the nation's limited resources. The future will depend on the extent to which these problems can be managed without severe disturbance.

Nicki Kelly

Lynden Pindling



THE Prime Minister of the Bahamas, Mr. Lynden Pindling, is that rarity, a political leader who after a quarter of a century still commands the respect and admiration of his fiercest critics. Short but well-muscled from a disciplined regime of exercise and work, the 50-year-old Mr. Pindling shows little of the strains of his 13 years in office. Nonetheless, his charismatic personality has been so dominant in the ascent of the Progressive Liberal Party to power, that it is difficult to visualise the party or the nation without his presence.

The grandson of a Bahamian fisherman and son of a retired policeman who emigrated to the Bahamas from Jamaica, Mr. Pindling holds an LLB from the University of London. He was called to the English Middle Temple in 1953, and to the Bahamas Bar later that year.

He joined the PLP shortly after its formation in 1953 and in 1956 was elected to the House of Assembly. His party's victory in the 1967 General Election marked the peaceful transfer of power from a white minority to a black majority government. This national willingness to effect change within rather than outside the law was recognised last September when the Bahamas celebrated 250 years of parliamentary government.

Independence in 1973 is regarded by Mr. Pindling as the high mark of his political career. He can also point with pride to the country's stability and the continued preservation of its democratic traditions. "Freedom is not something that can be taken lightly," he said recently. "We must pursue it with unremitting endeavour, never feeling that there has been a final achievement."

William C. Allen

WILLIAM C. ALLEN, newly-appointed Governor of the Central Bank of the Bahamas, is a notable example of a new breed of young Bahamian professional that has emerged on the banking scene in the past decade.

Tall, urbane and well-educated, he is at 43 also highly experienced in his field and has been credited with much of the behind-the-scenes management that has made the Central Bank an influential force in promoting the Bahamas as an offshore financial centre.

As Deputy Governor he worked closely with his predecessor, Mr. T. Baswell Donaldson, another Bahamian who as the Bank's first Governor established the pattern of mutual co-operation that has become the hallmark of Bahamian banking.

He holds a BSc in accounting from the School of Commerce, New York University, and an MBA from the Baruch School of Business and Public Administration of City University of New York, in Economics.

Mr. Allen was associated with the New York investment banking firm of Stone and Webster Securities and with J. C. Penny, the U.S. Department store chain, as financial analyst, before joining the Bahamas Monetary Authority in 1970.

When the Authority became established as the Central Bank in 1974 he was named Deputy Governor. Since 1973 Mr. Allen has also served first as chairman and now deputy chairman of the national carrier, Bahamasair.

N.K.

Tourist traffic from UK up 19 per cent

MR. PINDLING'S government, wrestling with a minor constitutional crisis, entrenched unemployment and a soaring oil bill, can at least draw unqualified satisfaction from the performance of the Bahamas tourist industry.

After four worrying years—between 1974 and 1977 when tourism, the mainstay of the country's economy, stagnated—business is again growing in boom proportions. Last year, the islands played host to 1,789,000 visitors—29 per cent more than in 1977 and seven times the permanent population of the Bahamas.

More important, at least in the planners' opinion, the growth looks set fair to continue. Business was up by 7.8 per cent in the first five months of this year, led by a remarkable 19 per cent growth in traffic from the UK.

The weakness of the U.S. dollar, to which the Bahamian dollar is tied at par and with which the Bahamian currency is in effect interchangeable at shops in the islands, has obviously been a significant factor in stimulating this growth, just as it has helped to establish the concept of cheap British holidays at Miami Beach in the U.S. nearby.

But the Government and the Tourism Ministry must also take some credit for the way in which they responded to the years of stagnation by pumping more Government effort and money into an industry which, in the immediate period after independence, was often either taken for granted or even to some extent despised as a candyfloss sector remote from the "real" economic aspirations of a proud, developing country.

No complaint

Today, Mr. Baltron Bethel, the amiable director of tourism, is not complaining about his \$19m budget for this year—up almost 19 per cent from 1979. And he is certainly not complaining about business. Nor is he slow to remind Government colleagues, some of whom remain suspicious of tourism, that for every Government dollar spent there is a \$30 return.

The major achievement, he says, has been to iron out the troughs in the tourist year, which not all that long ago was an exclusively winter jaunt for Americans, with most hotels shutting down for the steamier summer months. Last year, hotel room occupancy averaged a respectable 72 per cent overall and reached a record 80 per cent in the main centres, Nassau and Paradise Island, which are linked by a bridge. Winter bookings were almost solid.

Indeed, the industry has now spun quickly towards the opposite problem of stagnant business, that of a shortage of hotels. Within 10 years, Mr Bethel says, today's total of 12,000 beds, of which 4,000 are in the outer islands—3,000 on Grand Bahama and the rest in Nassau-Paradise Island—will be doubled, with an extra 4,000 of this total available within five years.

But it is no secret that the poorer years induced a cautious approach to hotel expansion which the Ministry is having difficulty persuading hotel owners and developers to overcome. Even the Government's own ambitious plans for its six hotels have been scaled down.

The shortage of hotel rooms on the best-known islands also partially explains why so much effort is now going into filling unused space in the less-known outer islands, or as they are known to Bahamians, the family islands.

These islands have plenty of natural assets. Indeed many are genuine tropical paradises, with year-round sun, spotless talcum powder sand, crystal seas and palm trees, unlike the actual Paradise Island with its acres-large casinos and wall-to-wall gamblers. These outer islands have all the qualities of the less-developed Greek islands, with the exception that they are much harder to get to.

Island-hopping by boat in the Greek style can be done, although the mailboats are not recommended other than for the hardy and those with relaxed itineries. For everyone else, except the fortunate owners of private aeroplanes, the answer is Bahamasair, the national airline whose finances may be on the point of breaking even for the first time this year, but whose under-equipment continues to cause service problems. Another difficulty is the absence of island-hopping marketing efforts in Nassau itself, where almost everyone starts a Bahamas holiday, although Mr Bethel promises that this will be rectified by next winter.

This gap in marketing means that much of what business the lovely family islands get is either from packages sold abroad or from visitors who know the ropes. There are plenty of people in the latter category as 80 per cent of out-island holidaymakers make a return trip, compared with less than 50 per cent returning to Nassau and Freeport.

Objective

The objective, which the planners are confident they can meet, is to push last year's record of \$562m in spending by visitors—of which 68 per cent is claimed to be retained within the local economy after deducting imports used by tourists—up to \$1bn by 1985. If anything happens to prevent this achievement, prospects for the whole economy fall into question.

Another aspect of the tourism Ministry's task has been to promote further popular acceptance of tourism by Bahamians, through a programme designed to convince them that without tourists there would not be schools or indeed much else in the country. "Tourists are our oil," says Mr Bethel with an evangelical air.

But tourists are also fickle and Mr. Bethel has been using his budget to broaden the marketing base of the Bahamas into Europe, which now accounts for 14 per cent of total visitor-nights, compared with 8 per cent three years ago. The U.S., though less important than it was, still fills 68 per cent of the vacancies. He is also satisfied that the major training effort launched by the Government and the hotel industry some years ago is now paying dividends in quality of service.

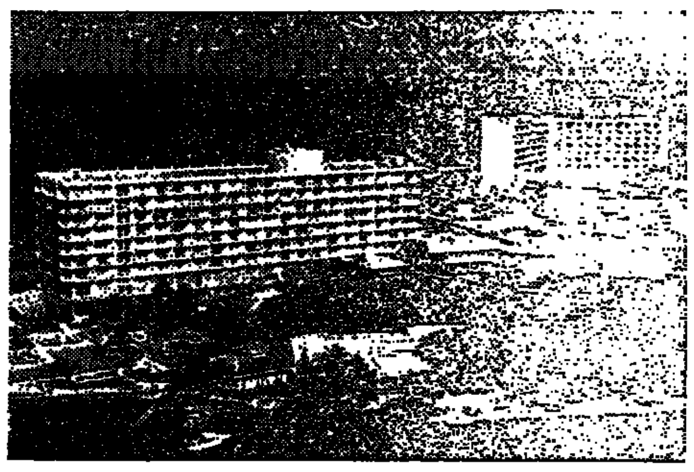
The Ministry, with the help of a string of international consultants, is also half way through a major survey and 10-year planning exercise which are already shaping some of the fundamental policies of the future to preserve and extend the cultural atmosphere, develop sports facilities and deal with the transport problem, and to avoid high-rise building. Investment, it is hoped, will remain at the same public-private mix as at present.

The Ministry hopes there also will be a deal with one of Europe's air carriers, possibly Laker Airways, with whom negotiations are being held, for a direct London-Nassau cut-price service, although these talks may be chiefly an attempt to put pressure on British Airways to extend its fare discounts. Another service due to start in 1982 is the DFDS New York-Nassau/Freeport-Florida car ferry service, the first of its kind in this part of the world.

As for the outlook, the planners hope that the U.S. recession will increase rather than decrease the popularity of, for Americans, a relatively low-cost, stable currency destination like the Bahamas at the same time as the weak dollar helps to attract Europeans.

"Of course, I have moments of uneasiness," Mr. Bethel confides. "But so long as we continue to carefully research our market, I have confidence in what we have to offer here in the Bahamas."

I.H.



Top: Keeping cool in the mid-day sun off Harbour Island, North Eleuthera. Above: Average hotel room occupancy reached 72 per cent last year. Below: A scuba diver explores the clear Bahamas waters, where an estimated \$250m worth of Spanish treasure lies

A PROFILE OF INVESTMENT OPPORTUNITIES IN THE BAHAMAS

INTRODUCTION

The Bahamas is renowned for its success in tourism and also as a growing finance and banking centre because of its tax haven status. In addition to increased economic activities within these sectors, efforts are underway locally to further develop the industrial base necessary to supplement tourism. In order to meet this objective, the government provides a wide range of incentives including modern infrastructure to produce an environment that is attractive to both domestic and foreign investors.

TOURISM

The traditional leading economic sector, tourism, still offers additional opportunities for expansion and growth and prospects for investment in these areas continue to be attractive. It is projected that almost two million tourists, principally from the USA, Canada and Europe, would arrive in the Bahamas during 1980.

A tourism development plan is being formulated to identify potential areas for the further development of this sector especially in the family islands and will take into consideration the physical resources and infrastructure necessary to support expansion. A broad investment strategy as it relates to both government and the private sector should evolve from this study.

Further information on tourist development is obtainable at the Ministry of Tourism, P.O. Box N-3701, Nassau, The Bahamas.

FINANCE & BANKING

Over the last several years, the Bahamas has emerged as one of the most important tax havens in the Western world. Freedom from direct corporate or personal taxes, liberal exchange control arrangements, adequate communication links, and the availability of modern support services have aided the growth of this sector to the extent that there are nearly 300 banks and related financial institutions operating in the country today.

The growth of offshore financial activities is actively encouraged by the government through the adoption of policies and the implementation of regulations which are designed to avoid any compromise to the banking secrecy provisions and at the same time to maintain the liberal exchange control legislation.

FOREIGN EXCHANGE REGULATIONS

The countries of the world, for exchange control purposes, have been divided into two categories, the Bahamas and the rest of the world. The central bank has the authority to determine residential status of individuals and companies. Persons and companies are designated by the central bank as being resident or non-resident. With the permission of the central bank non-resident individuals and companies are permitted to invest in the Bahamas. Permission of the central bank may be obtained for the Bahamian incorporated company to be designated as resident or non-resident.

RESIDENT COMPANY

A resident company is defined as one whose operation is within the Bahamas. Its shares may be wholly, or in part owned by a non-resident of the Bahamas. If the non-resident investment in the company is made in foreign currency which is converted to Bahamian dollars it is accorded "approved investment" status.

Approved status facilitates the investor in repatriating profits and dividends accruing from his investment.

NON-RESIDENT COMPANY

A non-resident company is defined as one whose operations are outside the Bahamas. The shares are wholly owned by non-residents of the Bahamas. These companies are allowed to conduct transactions in any foreign currency.

Further information regarding banking and finance activities in the Bahamas is available from The Central Bank of the Bahamas, P.O. Box N-4868, Nassau, The Bahamas.

INDUSTRY—INCENTIVE LEGISLATION

The Industries Encouragement Act allows a registrant to import into the Bahamas free of duty, all raw materials, equipment and machinery necessary to the production process for the statutory period of 15 years from the date of commencement of the operation.

The Hotel Encouragement Act allows for Customs duty refunded in respect of imports of all building supplies, furnishing and equipment for the approved project.

The Hawksbill Creek Agreement which is operative only in Freeport, Grand Bahama, offers exemption from taxes on income, capital gains, real estate and personal property until the year 1990 while simultaneously permitting freedom from Customs duties, Excise and Stamp taxes up to 2054.

SHIP REGISTRATION

Legislation has already been enacted to allow international shipping to be registered in the Bahamas. This move is to encourage major ship-owners to avail themselves of the favourable conditions that already exist in the Bahamas such as geographical location, political stability, international financial facilities and tax exemptions.

While offering the normal advantage of a flag of convenience, shipping standards have been based on the United Kingdom Merchant Shipping Act 1894 in order to overcome the undesirable aspects normally associated with flags of convenience.

OTHER

Incentive legislation also exists for stimulation of development in the agriculture and mining sectors.

INDUSTRIAL STRATEGY

The objective is to diversify the Bahamian economy by increased emphasis on industrial development and the direction of capital development in three broad categories of industries:

(a) Using domestic inputs
(b) Export oriented light and heavy industries
(c) Import substitution industries.

RESOURCE BASE

In addition to the geographical location of the Bahamas which places it 30 minutes by air from markets in the south-eastern USA, and its climatic conditions which provide year-round tourism, the Bahamas has extensive coniferous pine forests. Over 50bn tons of aragonite reserves (calcium carbonate) of which 3.5m tons are exported annually, 70,000 hectares of proven arable land and a continuous reserve of solar salt (sodium chloride) which is presently mined and exported to the tune of 1.3m tons per year.

POTENTIAL INDUSTRIES

The existence of an oil refinery with a 500,000 barrels/day capacity, together with an oil trans-shipment terminal capable of handling the world's largest super tankers, provide the potential for large capital investment opportunities in petro-chemical manufacturing in the Bahamas.

The itemised listing below shows other areas which are regarded as viable industrial investment opportunities in the Bahamas:

Ship repair
Paper products
Small motor-vehicle assembly
Electronic assembly
Assembly of Diesel and Marine Engines
Assembly of Air-conditioners and Refrigerators
Livestock Production/Meat Processing
Fruit and Vegetable Processing
Canning and Preservation of seafoods
Sisal production
Rum, Liquers and Beer manufacture
Garments
Perfumes
Drugs and Pharmaceuticals
Soaps and Household cleaning compounds
Feed Flour Milling
Tourist souvenirs
Footwear
Cement
Furniture
Cassava derivatives
Edible Oil Processing
Medicinal products
Hotels and Restaurant supplies and equipment
Forestry products
Naval stores.

LAND POLICY

A policy statement regarding foreign investment in the Bahamas in general and transactions in real estate by non-Bahamians in particular was recently enunciated by the government.

This land policy declaration for which legislation is now pending is designed to direct and monitor foreign investment in the Bahamas so as to ensure economic development in real terms and, at the same time, to safeguard the foreign investor from speculators in real estate.

The principal objectives of the land policy are:

(a) To stimulate investment in touristic, industrial and commercial projects which would contribute to the overall economic development of the Bahamas.
(b) To generate employment through diversification of the economy along industrial development lines.
(c) To ensure that land is available to Bahamian residents to meet the needs of urban and rural expansion brought on by population growth.
(d) To squeeze out speculation in undeveloped land, and to increase effectiveness in the administering of foreign reserves.

The proposed legislation envisages the establishment of a foreign investment board which would have the responsibility for:

(i) Approving development proposals as they relate to touristic, industrial or commercial projects.
(ii) Approving real estate transtions to non-Bahamians.
(iii) Ensuring through character and financial references that individual investers are fit and proper persons to do business in the Bahamas.
(iv) Monitoring approved projects to ensure that the proposed development takes place in a specified time frame particularly in those areas where vacant land is to be used.

SUMMARY

Economic development in the Bahamas since independence in 1973 has been progressing at a very positive rate. Growth in terms of the GNP is estimated at about 4% per annum and it is expected to continue at this level in the foreseeable future.

The leading economic indicators, building starts, trade balances and domestic savings have been experiencing steady growth despite an annual inflation rate of approximately 10%.

Political stability and sound fiscal and monetary management are still the key factors which continue to make the Bahamas one of the more attractive places for investment in the western world today.

Further information on industrial opportunities in the Bahamas is available at The Ministry of Finance, P.O. Box N-3017, Nassau, The Bahamas

Agricultural self-sufficiency is now a certain goal

WHEN THE present government took office in 1967, few took seriously its pledge to make the Bahamas agriculturaly self-sufficient within a decade. Self-sufficiency is still about five years away, but no one now doubts either the country's ability to feed itself or the urgent need to do so.

Inflation, running at 13 per cent, is largely imported. But it is estimated that at least two-thirds of the nation's $70m food bill can be produced locally, given the necessary investment, storage, transportation and processing capacity. For a tourist economy which still has to import most of its food and all of its oil, that is good news indeed.

A 1969-1974 resources survey identified 238,000 acres of agriculturaly productive land, the best of it located on the islands of Abaco, Andros and Grand Bahama. But given the country's limited financial resources, it is highly improbable that agricultural development would have progressed very rapidly without the assistance given by the U.S. Agency for International Development (AID).

Research

In 1973, AID agreed to fund a five-year agricultural research and training programme (BARTAD) on 2,000 acres of Government land in North Andros. The main objective of the $10m BARTAD project was to investigate the possibility of establishing a viable agricultural industry based on family-type farms.

These would operate principally as livestock producers with suitable fruit and vegetable crops integrated into each farming system. Linked to BARTAD were 16 satellite farms ranging in size from 40 to 80 acres, which were to be manned by BARTAD-trained farmers and used as demonstration units for the centre's findings.

The chief obstacle from the start was the difficulty in convincing Bahamians that agriculture was as much a business as tourism and could be just as profitable, although a high unemployment rate helped the shift. To make farming feasible, the Ministry of Agriculture undertook a massive land clearance scheme that made approximately 1,000 more acres of Crown Land available for production on a lease-hold basis. Allied with this was a land improvement subsidy to existing farms on the traditional farming islands.

In tackling the problem of agriculture, the Government adopted a two-phased approach, calculated in the first instance to develop and expand traditional farming in those areas where land was limited. The major emphasis initially was on encouragement of the small farmer, with Government providing virtually all of the finance for the agricultural sector.

Help has also been given through duty-free allowances on machinery and equipment, credit for farm supplies, reduced work permit fes for expatriate farm workers and the appointment of trained extension officerst o aid Out Island farmers. The passage of Co-operatives legislation in 1974 and the subsequent establishment of eight farming co-operatives has helped small farmers benefit from economies of scale. The marketing system was also improved through the establishment of grading and packing houses in the major farming areas.

Government assistance over the past 10 years has been supplemented by an $800,000 Credit Guarantee Fund made available by AID as part of the BARTAD project. The fund, administered by the Central Bank, is being used as a guarantee for loans made by commercial banks to farmers working commonage or leasehold land and unable to meet the security requirements of the Bahamas Development Bank. The Development Bank opened in mid-1978, has offered assistance to farmers mainly through long-term loans. Payments totalling $350,000 were approved for the 18-month period ending December 31, 1979.

The impact of BARTAD, coupled with the Government's agricultural support programme, has been nothing short of dramatic. Food imports dropped from $62m in 1974 to $52m in 197, while local production climbed from $10.5m to $16.6m. Based on preliminary figures, local production for 1979 is estimated at over $20m.

The increase in domestic production represents a compounded average growth rate of 16.4 per cent against annual GDP of 5.4 per cent. If the present impetus can be sustained, the value of local production will exceed $34m by 1985, with fruit and vegetables accouniting for $15m, and poultry $18m.

The islands are already self-sufficient in poltry and eggs and almost so in okras, hot peppers, cucumbers, tomatoes, onions, squash and bananas. There have also been impressive gains in limes, pineapples, avocadoes, oranges, mangoes, Irish potatoes and sweet peppers. Even hard-to-grow lettuce and celery are being raised successfully.

Small scale

Bahamian farming has thus far ben carried out on a relatively small scale. Full exploitation of the "breadbasket" potential of Abaco, Andros and Grand Bahama will require large commercial operations that can only be financed by private enterprise.

To meet its projected minimum 10 per cent annual growth rate, the Agriculture Department is putting special stress in the 1980s on private sector participation. Such involvement is considered particularly necessary in developing a successful processing industry capable of large-scale import substitution.

Government policy stipulates that while the farming of up to 25 acres is reserved exclusively for Bahamians, foreigners can participate on a minority basis (60-40) in farming ventures of between 25 and 500 acres. The Ministry of Agriculture would like to see joint participation in large-scale production of the raw material as well as its processing for both the domestic and export markets.

The Bahamas annually imports approximately $10m worth of fruits and vegetables, half of which is processed. However, at present there are only three canneries with very limited capacity. Expansion has been hampered by inadequate and irreguar supplies of the local raw material, high prices, consumer resistance to the local product and the lack of tariff protection against imports.

Similar problems have affected pork production. Pork imports totalled $5.3m in 1977, of which $3.2m was processed and the remainder frozen. The country's fresh pork needs are now being met by local farmers, but it is estimated the Bahamas could, within two years, become totally self-sufficient in pork with the necessary tariff protection and processing facilities.

A food technology/animal feeds unit, established two years ago with a $650,000 grant from the European Community's Development Fund, is working to identify those areas in which food processing can be carried out most successfully.

To a lesser degree mutton production is another area open to private sector activity. In 1978 the Bahamas imported approximately 1.4m lbs of mutton valued at $1.2m. An additional $108,000 (9 per cent) of the total consumption was produced locally.

To expand production, the Ministry is importing several hundred Texas ewes over a three-year period to strengthen the local herd. Tied to the programme is a sheep-rearing demonstration project that is being jointly sponsored by the Government and the UN's Food and Agriculture Organisation (FAO).

For food production to be pushed to its maximum, however, exports will have to be increased, according to Director of Agriculture, Mr. Godfrey Eneas. Preliminary studies show strong demand for Bahamian tomatoes, pineapples, citrus, avocadoes, mangoes, sapodillas and guavas. The Bahamas' main market in the past has been the United States. The Commonwealth Fund for Technical Co-operation is now helping the Ministry to identify new markets in Western Europe.

Until a strong export trade can be developed and processing facilities expanded, the small size and diffuse nature of the Bahamian market will require planned agricultural production to avoid heavy losses to Government and low prices to farmers.

Farmers will need to produce a wide range of quality crops rather than contributing to the one-crop gluts so common in the past. Through the Ministry's training and information programmes, this approach is starting to win acceptance as sound business practice.

N.K.

With care, and the introduction of new methods, the fishing industry could become a $50m a year business, as Nicki Kelly reports.

3,000 new jobs in prospect

Local fishing boats share Nassau harbour with transatlantic cruise ships

THE SINKING by Cuban aircraft of a Bahamian patrol ship two months ago dramatises one of the major difficulties facing the Bahamas in trying to develop its fishing industry. The vessel had just arrested two Cuban fishing boats for poaching in Bahamian waters.

Until the Government began cracking down in 1975, it was estimated that nearly 4m lbs of high-priced crawfish was being taken from Bahamian waters annually by foreigners. Extension of the fisheries zone first to 12 and later to 200 miles helped to boost last year's crawfish exports to nearly $9m from $2.8m in 1975. However, studies indicates that this figure could be doubled.

A United Nations survey has fixed the crawfish potential at 4.7m lbs and that for scalefish at 15.4m lbs. In effect, this means the islands could harvest 10m lbs of crawfish and 20m lbs of scalefish annually without depleting their resources.

The Ministry of Agriculture and Fisheries believes that with new methods and careful conservation, the Bahamas' embryonic fishing industry could be converted into a $50m a year business within five years. That would mean up to 3,000 new jobs in a country where unemployment continues to exceed 15 per cent.

The problem in the past has been a shortage of capital and technical expertise. With help from the UN's Food and Agriculture Organisation (FAO), the Government has undertaken a $20m fisheries development programme. It includes construction of a central fish landing and marketing terminal, modernisation of the fishing fleet, training of fishermen and improved fish processing facilities. The plan puts special stress on fisheries development in the more disadvantaged islands where the need for jobs is greatest.

To assist the industry and aid in the conversion from sail to motorised boats, import taxes were waived five years ago to allow for the duty-free importation of vessels, fishing gear and fish-processing equipment. Since then the number of motor vessels engaged in commercial fishing has nearly doubled from 85 to 160.

$5.4m loan

A $5.4m loan granted by the Inter-American Development Bank (IAB) last year will assist with infrastructural development and private sector financing. Some $2.1m has been earmarked for construction of the fisheries terminal. The remaining $3.3m is being channelled through the Bahamas Development Bank to help fishermen and fish processors acquire better boats and equipment and improve their catch and handling facilities.

In addition to the principal loan, the IAB has advanced $305,00 for fisheries development in the less developed southern islands. A six-month feasibility study now under way will determine their fishing potential and the level of investment required.

Meanwhile small processing and holding facilities have already been built in three of the islands enabling fishermen to freeze their catch until it can be marketed. Co-operatives are expected to play an imporant part in revitalising the industry in this area.

Early this year the Ministry of Agriculture and Fisheries commissioned three new vessels to be used for training potential and practising fishermen in modern commercial fishing methods. The response, particularly from young Bahamians, has exceeded even the Ministry's expectations.

Anticipating increased demand for new fishing boats, a Bahamian company, Victress Ltd., plans later this year to start building 50-ft steel-hulled vessels designed to meet local fishing needs. Their advantage is a rust-proof coating that will cut down on maintenance costs. The company also expects to develop an export market in the Caribbean for its boats.

In spite of the advances, the Government is gravely concerned over the wanton destruction by foreign and Bahamian fishermen of fish habitats and breeding grounds. To increase their catch many have resorted to the widespread use of bleach and explosives to drive crawfish from their rocky shelters. In some areas the coral reefs have suffered irreparable damage

This, combined with the illegal use of spearguns, scuba equipment and other apparatus, could have a disastrous effect on the entire fishing industry, the Minister of Agriculture and Fisheries, Mr. George Smith, has warned.

Overfishing has already pushed the conch close to extinction. A staple of the Bahamian diet, it is being wiped out by commercial shell collectors. The conch population in the Caribbean is now only 10 to 20 per cent of what it was a decade ago, and the decline is continuing.

Scientists estimate it would take a ten-year ban on conch collection before that mollusc could return to former population levels. A $10m study funded by Grand Bahama developer Wallace Groves is currently investigating the prospects for cultivating conch in the Bahamas under controlled conditions.

The Ministry of Agriculture and Fisheries already has tough regulations in force to protect the crawfish and is planning new rules to protect the young conch. The difficulty is enforcement over an archipelago spanning 100,000 square miles of water. Foreigners, in violation of Bahamian laws, continue to poach in Bahamian waters throughout the year, taking large quantities of under-sized and egg-bearing crawfish.

In the past nine months the Bahamas Defence Force has arrested nearly 40 foreign fishing boats and 150 Cuban, Cuban-America nand Dominican fishermen within the country's 200-mile fisheries zone.

Exclusive

The Government has made clear that fishing in the Bahamas is to be reserved exclusively for Bahamians, but that there must be greater local responsibility in exploiting the country's marine resources. It is hoping that educational programmes, carried out with the assistance of the Bahamas National Trust, will alert Bahamians to the need for conservation and protection of their national heritage.

Equally important has been the change in public attitudes. From only one professionally-trained agriculturalist on the Ministry's staff in 1968, there are now 28, all of them Bahamian. Agricultural courses are among the most popular in Government schools and part-time farming has become a national pastime.

Much still needs to be done, however. Transport and marketing facilities remain a major problem. Most produce is still moved from the islands aboard mail boats ill-equipped to handle this type of cargo. The Ministry has made recommendations as to the type of vessels required, but an estimated $10m will be needed to implement the five- to 10-year shipping development plan pro posed by the Inter-American Development Bank.

The Government is moving ahead nonetheless, recognising the importance of agricultural development in a world fast running short of food.

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Training schemes will help industry expand

A GREAT deal of lip service has been paid to the need for industrial diversification in the Bahamas. But much of what there is of it has grown largely on the strength of private initiative.

Most of the Government's efforts have centred on sustaining the country's phenomenally successful tourist industry.

It has become apparent, however, that tourism alone can no longer offset the drain of rising oil prices on foreign exchange reserves. Nor can it absorb the large number of young people who enter the labour market annually.

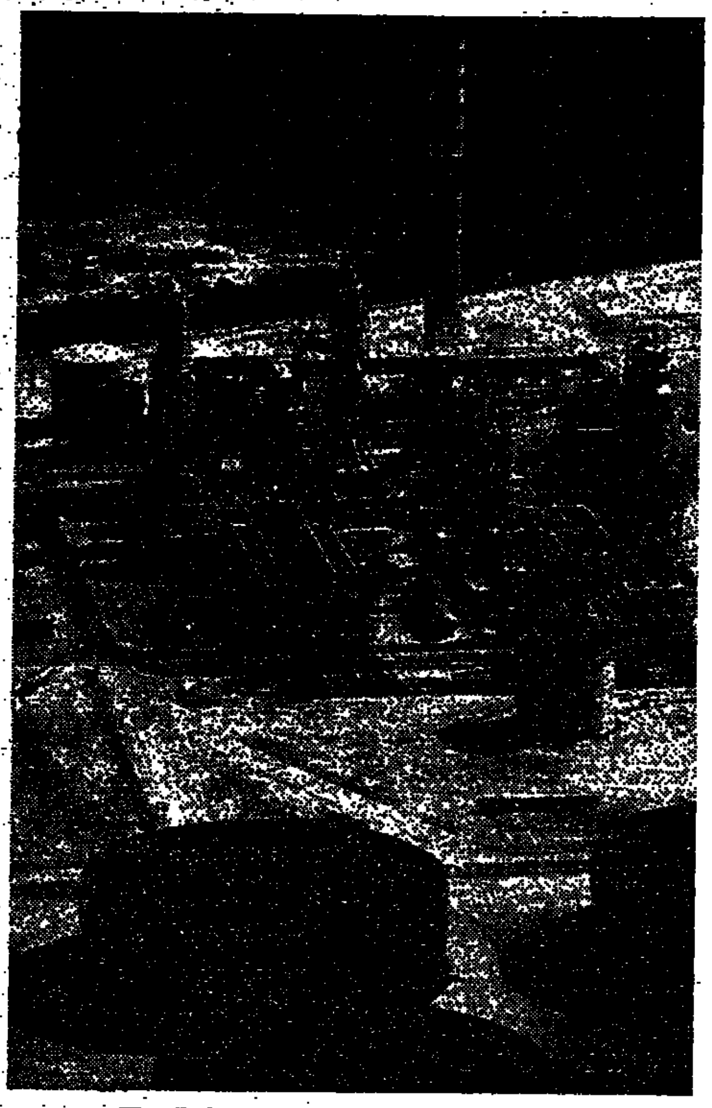
Illegal immigration, mainly from Haiti, has pushed the population growth rate to 3.68 per cent, second highest in the hemisphere. It is estimated that more than 60,000 new jobs will be needed over the next decade to bring unemployment within manageable proportions.

One of the principal obstacles to industrial growth in the past has been the lack of skilled labour. The Government has at long last come to grips with the problem and earlier this year introduced an intensive vocational training programme which is intended to provide the manpower needed to support and expand the industry.

Initial training is being conducted in Nassau, but there are plans to establish additional centres in Grand Bahama, site of several large industries, and in other islands where food production is expected to become the primary focus of economic activity.

As noted elsewhere, the Government is investing considerable sums in agriculture and fisheries development, with its large potential for employment and import substitution.

The emphasis on expanded food production comes at a time when increasing amounts of nearby Florida farmland are being lost to new housing developments. As a result, many U.S. growers are looking to the Bahamas as an alternative location for their farming operations.



The Bahamas Oil Refining Company's 500,000-barrels-a-day plant at Freeport

Breakthrough

A significant breakthrough is the proposal by Kendall Farms of Florida, the world's largest lime producer, for a 2,000-acre farm and fruit processing operation on Grand Bahama island.

The project, which is expected to start shortly, will concentrate on limes for manufacture of the preservative pectin, and on mangoes and avocadoes. The company will also buy fruit supplies from other Grand Bahama farms for processing. Some 30 per cent of production will be sold locally, and the rest exported.

Most of the country's industrial activity has focussed on Grand Bahama, and particularly the area of Freeport-Lucaya because it has both the communications and infrastructural facilities to support the needs of an expanding industrial sector.

There are, in addition, a variety of tax benefits and trade advantages to which companies are entitled by Bahamian law and under the preferential tariff concessions afforded the Bahamas by the European Economic Community, the U.S., Canada and Japan.

The Syntax Corporation and Cooper Laboratories, both internationally-known pharmaceutical companies, have successfully operated plants at Freeport for a number of years. Their products have remained reasonably recession proof.

The $21m Syntex facility produces steroid hormones used in the manufacture of birth control pills and Naproxen, used to treat arthritis.

Exports to Europe, Canada and Japan benefit from the duty concessions enjoyed by the Bahamas. The smaller Cooper Laboratories manufactures Protamide, an anti-virus drug for treating herpes.

Later this year Smith Kline Corporation, one of America's pharmaceutical giants, expects to build a $30m Freeport plant that will produce Tagamet, used for treating ulcers. The company is a recognised leader in the treatment of coughs, colds and allergies in the U.S. and abroad. One of its best known products is Contac.

What may prove to be the car of the future is being assembled in Freeport for the Electric Auto Corporation. Up to as many as 300 pre-production units of the electrically-powered Silver Volt will be road-tested in Florida during the remainder of the year.

The five-passenger car, built on a modified General Motors chassis, has a top speed of 70 mph, a range of 80 to 100 miles between charges, a cruising speed of 55 mph and provides the electric equivalent of 80 mpg.

If the test programme succeeds, the company will begin producing 6,000 to 7,000 cars annually, starting next year.

One of the victims of the 1974-75 recession was the $140m Bahama Cement Company, formerly a subsidiary of U.S. Steel. Because of the energy intensive nature of its production, the company was hard hit by the rise in oil prices and the subsequent slump in U.S. construction in the mid-1970s.

The plant was closed in 1977 and sold in 1978 to a Middle Eastern group, International Development Corporation. It was re-opened the same year, with the revival of the U.S. construction industry.

To reduce its dependence on oil, Bahama Cement is converting its 800,000-ton capacity plant to a coal-fired system. The $8m changeover will take a year but should save millions of dollars annually in fuel costs.

Environmentally clean, the new system makes use of a completely sealed process in which coal is fired in powdered form directly into the kiln without atmospheric discharge.

With the U.S. caught in another housing slump, the company expects demand from its Florida and Gulf Coast markets to slacken this year, but is optimistic about the long-term prospects for 1981 and 1982.

The $34bn MX missile deployment system which the U.S. Government wants to start building in the Nevadah-Utah area next year will require an estimated 2m tons for its concrete launch shelters and connecting roadways.

Florida's construction of a rapid transit system and building of another military project in Alabama will also need large quantities of cement.

The U.S. last year imported 9.4m tons of cement. That figure is expected to swell to meet the additional need for office and hotel space, airport expansion, harbour development and oil exploration as well as housing. But with many marginal cement producers being forced out of business by fuel prices, there are predictions the U.S. will face serious cement shortages by mid-decade. Industry officials predict that the price, now up to $65 a ton, could pass the $100 mark in the next few years.

Besides ample supplies of limestone for cement, the Bahamas also has the world's largest deposits of aragonite, a pure calcium carbonate sand used in making concrete, glass, fertiliser and in a variety of chemical processes.

From a slow start, sales by Marcona Ocean Industries are now exceeding production. The company last year exported 4.4m tons of aragonite, up from 3.4m the year before, and expects still bigger sales in 1980.

Economical

Because of its purity, aragonite does not have to be pre-filtered before use. Many cement plants are thus finding it more economical to convert from limestone to aragonite because of the long-term energy savings. Bahamian aragonite is exported mainly to the U.S. for cement and glass production and to the Caribbean (Guyana and Puerto Rico) for agricultural lime.

Attempts to make Grand Bahama a centre for oil-related industry have failed, largely as a result of the rapid changes in the oil market.

The Charter Company last year acquired a majority share in the Bahamas Oil Refining Company (BORCO) following purchase of the financially troubled Carey Energy Corporation.

The 500,000 barrels-a-day refinery is now jointly owned by Jacksonville-based Charter and Standard Oil of California. But slack demand and low crude oil supplies have kept production down to 325,000 barrels a day.

Half the refinery's yield is residual oil, shipped to utilities in the north-east U.S. The remainder is naptha or petrochemical feedstock, blended to produce gasoline, jet fuel, kerosene and home-heating oil.

Most of BORCO's light products go to north-west Europe. The company hopes to strengthen profit margins by producing an upgraded product that will conteract declining demand for residual fuel.

Legislation

BORCO's presence has assured a steady supply of oil for the Bahamas Electricity Corporation (BEC), albeit at increasingly higher prices. Under a recent arrangement with Government, Charter has agreed to a 10 per cent discount on oil sold the by the corporation. The Government has also introduced enabling legislation that would allow for offshore oil exploration in the Bahamas.

The 150m-barrels Burmah trans-shipment terminal, which came on stream during the 1974 energy crisis, continues to operate at a loss.

Throughput peaked at 96m barrels in 1978, but has started falling once more below the 90m target. Last year's total of 80m barrels is expected to drop to 70m this year. Activation of the Louisiana Offshore Oil Port (LOOP) next year is likely to reduce the terminal's viability still further.

Another company facing difficulties is the West German-owned Grand Bahama Steel and Pipe, which has been affected by the depressed state of steel in the U.S., its main export market.

GBSP produces a large, highly abrasive-resistant steel pipe for which it is presently seeking duty-free treatment under the U.S. General System of Preferences.

GSP recognition would make the Bahamian pipe more competitive in a highly competitive market. The company contends that the amount of steel pipe imported from the Bahamas is very small in comparison to that imported from other countries, and would not disrupt the market.

American steel producers are opposing the application on grounds that the same size pipe is being manufactured in the U.S.

One of the Bahamas' few, truly successful attempts at diversification has been the Bacardi company's rum-producing plant in Nassau. Established 15 years ago, Bacardi (Bahamas) has become the largest exporter of light rums in the Caribbean.

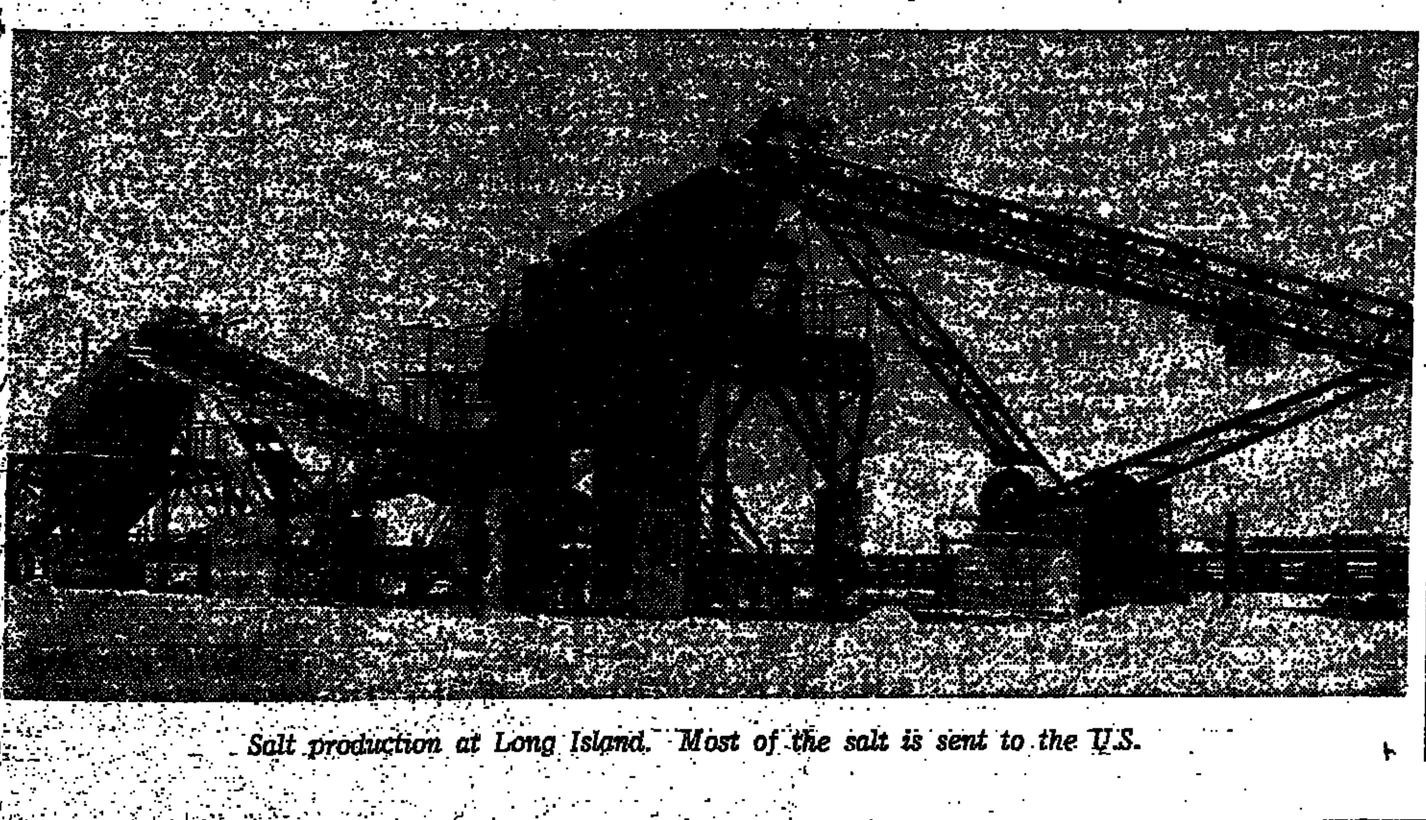
Well over half its overseas sales are made to the UK and Europe under the Lome trade agreement. The remainder goes to Canada under similar tariff concessions.

Todhunter Mitchell at Freeport, is another successful rum exporter. Its coconut and Methusalem rums are shipped to Europe, Canada and the Caribbean. But most sales of rum, vodka, gin and scotch are made in the Bahamas. The company expects to start bottling shortly for the Seagrams company.

Although the Government would like to see more industrial activity in locations other than Nassau and Freeport, the only business of any magnitude to take hold elsewhere in the islands is salt, which pre-dates the grant of the Bahamas to the Lords Proprietors in 1670.

The Morton Salt Company has been associated with the salt industry at Inagua since 1954. In 1962 Diamond Crystal Salt set up operations in Long Island. The salt produced in these islands today is used principally for winter clearance of roads in North America and in certain chemical processes.

Nicki Kelly



Salt production at Long Island. Most of the salt is sent to the U.S.

WORLD STOCK MARKETS

Early profit-taking on Wall St.

WITH INVESTORS taking profits in the wake of the market's latest upsurge, Wall Street turned easier in active early dealings yesterday. However, there was a partial recovery around mid-session.

The market hit a record high last week as measured by several broadly-based indices, and the Dow Jones Industrial Average reached a three-year peak.

The Dow Average, off 4.01 at noon, picked up to 921.93 at 1 pm for a net decline of 2.05 from last Friday's new three-year high. The NYSE All Common Index lost 18 cents on balance at $69.66, after touching $69.52, while declines narrowly led advances at mid-session in the ratio of four-to-three. Volume was a sizable 29.47m shares, although well below Friday's 1 pm figure of 41.74m.

Morgan Guaranty and Bankers Trust yesterday morning cut their Prime rates to 11 per cent from 11½, and Morgan also cut its broker loan rate to 10 per cent from 10½. The prime rate now ranges from 11 to 11½ per cent throughout the banking industry.

Analysts are expecting key interest rates to continue to ease, but said investors may be waiting to hear Federal Reserve chairman Paul Volker's Congressional testimony today.

Volume leader **J. P. Morgan**, parent of Morgan Guaranty Trust, slipped ⅜ to $46½. Citicorp, in second place on the activities list, shed ¼ to $22½, while **Bankers Trust** receded 2½ to $52¼.

Monsanto dipped ¼ to $52½, but **Du Pont** were unchanged at $44½. Both reported lower second-quarter profits.

Getty Oil rose 1½ to $88. It has announced plans to offer $300m of seven-year notes. **Conoco** reported two new oil finds in the Gulf of Mexico adjacent to existing production, but eased ⅞ to $57½.

Macke added ⅜ at $13⅜. Allegheny Beverage said a Federal Court has suspended an order blocking Allegheny from buying more Macke shares.

Scot Lad Foods advanced 1⅛ to $6½. Farm House Foods has begun an offer for 1.7m Scot Lad shares at $6.50 each.

Raybestos-Manhattan, which has posted a second-quarter loss after a profit in the 1979 period, fell 2¼ to $19⅜.

THE AMERICAN SE Market Value Index was a net 0.69 easier at 309.72 at 1 pm, after a decline of 1.84 at mid-day. Volume 3.18m shares (4.95m).

Closing prices for North America were not available for this edition.

Canada

Stock prices were mixed at mid-day following heavy dealings. The Toronto Composite index shed 1.4 to 2,152.5 at noon, while the Oil and Gas index receded 43.9 to 4,902.0, but Golds put on 65.9 to 4,472.6 and Metals and Minerals 12.4 to 2,049.9. In Montreal, Banks rose 2.11 to 363.71, but Papers lost 1.18 to 188.83.

Tokyo

The market again displayed a firmer tendency in a moderate business. The Nikkei-Dow Jones Average improved 22.71 to 6,842.49 and the Tokyo S.E. index added 1.18 at 471.20. Gains on the First Market section outscored falls by 354 to 298 after turnover of 230m shares, against last Friday's 300m.

Some energy-related issues met good demand, **Nippon Oil** advancing Y30 to Y1,560 on "cheap" buying, **Mitsui Mining** Y40 to Y670, **Sumitomo Coal** Y14 to Y285 and **Mitsubishi Oil** Y17 to Y425, but **Teikoku Oil** eased Y10 to Y1,170.

Mainly firm Trading Houses had **Marubeni** Y6 up at Y380, but **Mitsubishi** lost Y10 at Y635. Steels and Non-ferrous Metals gained ground.

Germany

Bourse prices were mixed to firmer after fairly quiet trading, with buying orders from large domestic institutions further boosting some shares. The Commerzbank index ended 3.3 higher at 744.2.

However, foreign orders were lacking yesterday, dealers said, noting the widespread interest last week which resulted in three days of broad market gains.

Chemicals posted sector-wide gains, with particularly sharp rises registered by Ruetgerswerke, up DM 8.00, and Schering, DM 5.80 higher. Bayer rose DM 1.60 and Hoechst DM 1.20.

In Steels, Hoesch added DM 2.20 at DM 28.20 after news of planned co-operation with Krupp, 50 pfennigs harder.

Hong Kong

Shares were held back by profit-taking for most of yesterday, with investors disappointed that an anticipated cut in local Prime rate did not materialise on Saturday. However, a rush of buying orders near the close sent the market sharply higher, leaving the Hang Seng index 15.53 stronger at a new seven-year peak of 1,106.37.

The late rush was centred on leading stocks, **Jardine Matheson** rising 70 cents to HK$21.60, **Cheung Kong** 30 cents to HK18.00, **Hong Kong Bank** 40 cents to HK$17.30, **Hong Kong Land** 20 cents to HK$14.20 and **Swire Pacific "A"** 15 cents to HK$8.70. **Wheelock Marden "A,"** however, shed 10 cents to HK$5.10 despite higher net profits.

Elsewhere, **New World** gained 12.5 cents to HK$4.575, **World International** 15 cents to HK$3.10 and **Jardine Securities** 30 cents to HK$10.30.

Sime Darby, which has sold its Amoy Canning subsidiary, rose 30 cents to HK$7.80, while purchaser **Hang Lung** put on 30 cents to HK$11.90.

Australia

The recently strong Mining and Oil sectors turned mixed in subdued trading as traders reacted to new interest rate pressures and an uncertain Gold-price trend. Industrials were mixed but with a bias to higher levels.

Strata Oil lost 5 cents to A$2.95 despite reporting that it's Woodada No. 2 well had bled gas over a large proportion of its length.

Woodside Petroleum receded 8 cents to A$3.12, but **Crusader Oil** rose 10 cents to A$4.80, **Hartogen Energy** 10 cents to A$4.90 and **Lennard Oil** 15 cents to A$1.75.

Among Minings, **Western Mining** retreated 20 cents to A$5.10, **Utah** 6 cents to A$5.24 and **Bougainville** 5 cents to A$2.60, but **Consolidated Gold Fields** gained 20 cents to A$7.70 and **Queensland Mines** 30 cents to A$9.10.

Peko-Wallsend rose 12 cents more to A$8.40 and **EZ** 20 cents to A$6.90, continuing to benefit from news of a large U.S. uranium contract.

Milan

With the start of the August Bourse month featured by active mutual fund buying, shares mostly advanced in fairly active trading. The Banca Commerciale Italiana index climbed 3.09 to 105.64.

Amsterdam

Shares were mainly in firmer fettle, while brokers reported strong demand for Bonds, a reflection of the generally buoyant conditions on Bond markets elsewhere in Europe. Bond prices were up about 30 to 40 cents.

Johannesburg

Gold shares rallied with the Bullion price in fairly active trading. Gains stretched to 175 cents, as in **Buffels**, R48.25, while **FS Geduld** rose 150 cents to R74.50 and **Vaal Reefs** 125 cents to R86.75.

Mining Financials and Platinums firmed in the wake of Golds. **Impala Platinum** featured with a rise of 95 cents at R8.80. Diamond leader **De Beers** climbed 25 cents to R11.90.

COMMODITIES AND AGRICULTURE

Grain ban 'end in sight'

By John Edwards in Texas

THE U.S. embargo on grain sales to the Soviet Union is unlikely to be lifted before the presidential election, but will be discontinued shortly after that, whoever is elected, according to Earl Butz, former U.S. Secretary of Agriculture.

Dr. Butz told a conference on grains and oilseeds organised by ContiCommodities here that the embargo had proved ineffective and should be lifted. But he expects that higher food prices and the hot weather currently affecting U.S. grain crops will encourage President Carter not to back down on the embargo before the forthcoming election.

Dr. Butz claimed that the surplus grain taken off the market by the Administration as a result of the embargo would be used to restrain expected increases in food prices resulting from the heat wave that has lifted grain values by some 33 per cent.

However, Dr. Butz pointed out that the bulk of U.S. grain output comes from three states —Iowa, Illinois and Indiana— where crop conditions were not too bad so far. Should the 1980 crop prove to be a disaster, he said, it would be better to let market prices regulate supplies rather than artificially distorting the market by releasing government held reserves.

Dr. Butz added that Mr. Reagan was committed to lifting the embargo if elected president and he hoped the Soviet Union would be treated as a regular commercial customer in future.

Farmers renew call for Green £ devaluation

By Our Commodities Staff

THE NATIONAL Farmers' Union has renewed its plea for a further devaluation of the "green pound" so as to raise prices received by British farmers.

Speaking to farmers in Wells, Somerset, yesterday, Mr. Michael Strauss, the union's economics director, said the overvalued pound was more damaging to British agriculture than to industry. Manufactured goods were not bought on price alone, he said, but "what our farmers produce is well-nigh identical to what farmers produce elsewhere in North-West Europe."

Progress towards EEC Common Fisheries Policy

BY JOHN WYLES IN LUXEMBOURG

EEC Governments yesterday made solid if unspectacular progress in their search for a common fisheries policy, whose main elements look increasingly likely to fall short of the demands of the British fishing industry.

This could emerge even more clearly at the EEC Fisheries' Council next meeting in October when the European Commission will table revised quotas proposals for sharing out the Community's six most valuable species of fish.

As expected, Mr. Peter Walker, Britain's Minister of Agriculture and Fisheries, yesterday rejected as unacceptable, the Commission's initial proposal for a 31 per cent quota for the UK—the largest among those proposed for the Nine. His act won the ungrudging approval of a gloomily faithful retinue of British fishing industry representatives.

But UK officials increasingly recognise that industrial and political imperatives limit the scope for a really substantial improvement on existing proposals.

The Community has set itself the deadline for agreeing the Common Fisheries Policy by the end of the year, and it is recognised that the UK's EEC partners will need to defend it to their own fishing industries and that any big increases in the proposed British quota will mean a corresponding decrease for others.

Moreover, protections under the UK-EEC accession treaty expire at the end of 1982, and it is realised the longer a fisheries agreement is delayed, the more the UK negotiating position could be weakened. However, Mr. Walker and his colleagues will seek to exploit the growing desire for a settlement among the other eight—Denmark to give more stability to its industry fishing industry and France in advanceof next spring's Presidential elections.

Mr. Finn Gundelach, the EEC Commissioner for Agriculture and Fisheries saw some opportunity for revising quota proposals by the September meeting, so that they would reflect recent conclusions by EEC scientific experts that the proposed 1980 quotas for haddock, whiting and cod could be increased. This could yield some small increase for the UK quota.

British industry claims that it needs about 45 per cent of the total allowable catch in order to be reasonably exployed and to reflect the fact that more than 60 per cent of the Community's "pond" are British waters.

It estimates that it is currently taking between 35 and 40 per cent of the current EEC catch and points to the mothballing of trawlers and the industry's generally poor economic state as evidence of its need for bigger opportunities.

The dispute over Britain's unilateral extension in 1978 of the Norway pout box recently declared illegal by the European Court, is to be the subject of bilateral negotiations between the UK and Denmark, aimed at finding a settlement before the start of the winter pout season of October 1.

Finally the principle of retaining national 12-mile fishing limits was endorsed by the Commission in a paper to the Council but Ministers were not yet ready to start detailed discussions on access.

Interest rate cuts boost copper

BY RICHARD MOONEY

U.S. INTEREST rate cuts and the continued rise in gold encouoraged a sharp rise in copper prices on the London Metal Exchange yesterday. The rise in copper in turn prompted gains in other base metals.

In spite of a sharp preweekend advance in New York, London values opened slightly below Friday's closing levels. But they then moved ahead strongly and were given a further boost in the afternoon when New York's Comex market opened with further gains. At the close, cash copper wirebars were quoted £25.25 up on the day at 933.5 a tonne.

In Lusaka, however, Mr. Kenneth Kaunda, the Zambian president, warned that underlying "bearish" conditions in the world copper market could be expected to continue in view of the deepening recession in the indsutrialised countries.

He was speaking at the opening of a ministerial meeting of the Intergovernmental Council of Copper Exporting Countries (Cipec) called to discuss market stabilisation strategies. Zaire's Mines Minister, Mr. Mozagba Ngbuka, the outgoing conference chairman, said whether these took the form of market intervention or quality premiums remained to be determined. He called for more copper producing countries to join Cipec and so bolster its strength in negotiations with consumers.

The copper price rise influenced sentiment in the tin market where continued concern over the political situation following the coup in Bolivia encouraged further price gains. Cash standard tin ended the day £117.5 higher at £7297.5 a tonne.

London lead and zinc prices also rose in sympathy with copper, the former also being boosted by a 2 cents rise to 36 cents in Asarco's producer price in the U.S. Cash lead ended up £10.5 at £38 a tonne and cash zinc £3.5 up at £295.5 a tonne.

Rises in London Metal Exchange warehouse stocks last week were generally in line with expectations. Stocks of copper fell 275 tonnes to 108,450, tin stocks rose 125 tonnes to 2,105, lead stocks fell 1,300 tonnes to 34,550 and zinc stocks rose 25 tonnes to 57,275. Silver stocks fell 250,000 ounces to 27.82m.

Our Kuala Lumpur correspondent writes: Datuk Paul Leong, the Malaysian Minister of Primary Industries, has made a strong appeal to the U.S. to act judiciously in the release of tin from its stockpile in the current situation of over-supply.

He said he was "heartened" that the General Services Administration had rejected all bids at the first and second fortnightly sales of 500 tonnes each on July 1 and 15.

Cocoa values could fall further

By Our Commodities Staff

THE WORLD cocoa market, which recently fell to its lowest level for four years, could decline still further if nothing happens to prevent another bumper crop being harvested in the coming season, according to London brokers Patterson, Simons and Ewart.

In a report published yesterday the firm said some chocolate manufacturers expect the price, currently around £1,060 a tonne, to come down to about £800. They argue that a fall of this magnitude would be required to allow chocolate prices to be reduced to a level which would encourage a rise in consumption.

Two main factors will determine whether cocoa prices do reach this level, the report says: the success or otherwise of negotiations leading to a new International Cocoa Agreement, and the minimum price level set in the agreement; and the the likely size of the 1980/81 world crops.

Boost seen for Malaysian palm oil output

INDONESIAN palm oil production is expected to increase some 15 per cent this year to between 650,000 tonnes and 670,000 tonnes, Western manufacturers said. But they warned that a survey suggested increasing domestic use of palm oil would mean a sharp curtailment of exports to between 300,000 tonnes and 335,000 tonnes.

Last year Indonesia, which has embarked on large-scale oil palm planting, mainly in Sumatra, produced 605,789 tonnes of palm oil.

Exports were some 350,780 tonnes, of which more than half went to Western Europe, according to official statistics.

Manufacturers said a draw down on stocks and domestic demand stronger than anticipated leads them to conclude exports will be down this year.

Palm kernel oil production is expected to reach 47,000 to 53,000 tonnes, compared with last year's 47,700. Of this between 20,000 and 30,000 tonnes may be exported.

Last year none was officially exported to ensure domestic availability. But already 10,000 tonnes has been allowed for June-July export, the manufacturers said.

ALUMINIUM PRODUCTION

Australia aims to take first place

BY ROY HODSON

THE DEVELOPMENT of aluminium production in Australia promises to be one of the great industrial stories of the 1980s. Quite simply the country intends to become the world's biggest exporter of the metal by the end of the decade and one of the three largest producers.

Australia's resident industrial giant Broken Hill Proprietary has just given notice of its determination to take a healthy slice of the action by forming a new aluminium division. It will rank alongside the group's steel, minerals, and oil and gas divisions.

BHP is spending £187m initially to secure a strong position in the Australian aluminium boom. The investment will buy it minority holdings in a bauxite mine and an alumina production plant in Western Australia, and an aluminium smelter to be built in New South Wales.

Onlooker

A few years ago BHP was heavily dependent upon a rather dull steel market in Australia and its traditional exporting regions. Had the world aluminium industry arrived in Australia at that moment in search of cheap energy in a politically stable country, BHP might have had to remain an embarrassed onlooker. But time has been kind to BHP lately. Unlike many steelmakers of the world it is now enjoying a healthy demand and is producing up to the full capacity of its mills. Even more important, it has an excellent cash flow from the oil it has developed in the Bass Strait with Esso. Last year BHP's oil sales were worth £210m.

There are several reasons why Australia is becoming the world's most interesting country to aluminium producers and is likely to remain firm favourite at least until the 1990s. The political climate there enables long-term capital investment in primary production plant to be justified. Australia has some 30 per cent of all the world's bauxite. Most important of all, Australia is in a position to be able to offer large quantities of cheap electricity that will be generated from a series of new coal-fired power stations in New South Wales, Queensland, and Victoria.

Up to six new smelters are to be built in the first half of the 1980s to take advantage of attractive power deals and two more are to be expanded. Investment will total at least £1.5bn.

Almost all the big names in international aluminium are now represented in the Australian activity. The Japanese are particularly prominent. Japan will be the biggest purchaser of Australian aluminium metal. The Japanese have no choice following their joint government-industry decisions to shut, more than 500,000 tonnes of aluminium smelting capacity in Japan because of the high cost of electricity generated by imported oil.

BHP started talks with other interested parties about the possibility of mining and refining bauxite in Western Australia as far back as 1970. It was the first assignment of BHP executive Dick Carter when he joined the group and he says "I've outlasted everyone else conected with the project." He is now manager of alumina development.

The pace of talks quickened two years ago when the full potential of Australia as an important world aluminium source began to be realised. After many changes in the composition of the consortium the final line-up agreed early this year was as follows: Dampier Mining (a wholly-owned BHP subsidiary) 20 per cent: Reynolds Metals 40 per cent: Shell 30 per cent: and Kobe Alumina Associates representing a clutch of Japanese interests 10 per cent.

BHP's investment will be £100m.

The bauxite/alumina operation is to be called the Worsley Joint Venture and will work bauxite deposits about 150 km south of Perth. There are more than 200m tonnes of economically recoverable bauxite, sufficient to keep the mine in production for half a century.

Alumina from Western Australia will be shipped by sea to the smelting stage of the operation — the Farley Joint Venture which is to be built near Newcastle, New South Wales.

BHP will be entitled to 200,000 tonnes of allumina a year as its share of Worsley. When processed at the Farley smelter that raw material will provide the group with about 83,000 tonnes a year of aluminium ingot for use within the group or for sale. The total capacity of the smelter will be 236,000 tonnes.

Farley Joint Venture is composed of: BHP 35 per cent, Alumax of US 45 per cent, and Alfarl (representing a consortium of Japanese companies) 20 per cent.

The smelter is assured of up to 380 MW of power from the New South Wales electricity commission. A tariff (undisclosed) has been negotiated that is said to take account of the large size of the power tranche and the fact that it will provide a continuous base load for a thermal power station. BHP is providing £87m towards the smelter.

Dominant

Exporting aluminium ingot from Australia looks like being good business. The price of the metal is sure to rise as demand overtakes available world smelter capacity between about 1982 and 1985.

But BHP also wil be tempted to make use of its dominant industrial position in Australia by expanding its aluminium investment into an integrated operation. That can be done by a comparatively modest new investment in rolling and extruding capacity together some expansion of steel service centres organisation run by Tubemakers of Australia (partly-owned by BHP) to sell aluminium in semi-fabricated form.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER — Sharply higher on the London Metal Exchange. A strong performance in American markets late on Friday evening saw forward metal open at £948. This level attracted trade selling and the price dipped to £946 in the rings before recovering sharply to £953 on the morning kerb when ... buying was reported. In the afternoon the market moved further ahead, reflecting lower U.S. interests rates and chartist buying, to touch the day's high of £957 before easing on profit-taking to close the late kerb at £954. Turnover 19,175 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	930.5-1	+28	933.4	+25½
3 months	949-.5	+28	952-.5	+25
Settlem't	931	+28	...	...
Cathodes				
Cash	...		908-9	+28
3 months	904-5	+26.2	929.30	+24
Settlem't	927.25-8.5	+27.5	—	...
U.S. Prod	905	+26.5	*97-101	...

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £929, 30, 30.5, three months £948, 48.5, 48, 47.5, 46, 48, 49, 49.5. Cathodes, three months £928. Kerb: Wirebars, three months £950, 51, 55, 52. Afternoon: Wirebars, three months £953, 52, 51, 51.5, 52, 53, 52.5, 52, 52.5, 53, 52.5. Kerb: Wirebars, three months £954, 55, 54, 54.5, 55, 55.5.

TIN — Gained ground in active trading. The firmness of copper coupled with nervousness over the political situation in Bolivia prompted good bear-covering and fresh buying of forward metal which moved ahead from £7,170 on the early pre-market to close the afternoon kerb at £7,280. Demand for nearby material saw the backwardation widen to £80 at one point prior to a close of £40. Turnover 1,565 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7300-10	+155	7890-305	+117
3 months	7260-70	+115	7245-55	+107
Settlem't	7310	+155	—	......
Standard				
Cash	7300-10	+155	7290-500	+115
3 months	7260-70	+115	7245-55	+107
Settlem't	7310	+155	—	......
Straits E.	$2115	—14	—	......
New York	—	.....	—	......

Morning: Standard, cash £7,265, 7,300, 10, three months £7,220, 25, 30, 40, 50, 60, 70, 60, 40, 45, 50, 60. Kerb: Standard, three months £7,270, 65, 60, 40. Afternoon: Standard, three months £7,260, 70, 80, 70, 60, 70, 65, 60. Kerb: Standard, three months £7,255, 60, 70, 80, 85, 80.

LEAD — Moved ahead strongly following the fall in U.S. interest rates, the firmness of copper, a 2 cents producer price increase by Asarco and good fresh buying and covering against physical business. After opening around £342 forward metal moved up to close the morning kerb at £353. In the afternoon profit-taking pared the price to £348 but the market surged ahead on the kerb when heavy buying ... [illegible]

[illegible]

ZINC ... [illegible]

ALUMINIUM ... [illegible]

NICKEL ... [illegible]

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

[illegible]

G. Index — Three months Copper 951.4-959.6

Our clients speculate, free of tax, in very small to very large amounts, on:—
1. London Traded commodities, including GOLD.
2. The STERLING/DOLLAR exchange rate.

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CORAL INDEX: Close 495-500 (—1)

COCOA

A little easier at the opening futures traded lethargically until a late rally moved leves to close at the highs of the day. Physicals were also in the doldrums although there was some producer activity as levels made the highs this evening, reported Gill and Duffus.

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

RUBBER

[illegible] ... throughout the day, closing inactive. Lewis and Peat reported an fob price for No. 1 RSS in Kuala Lumpur of 286.25 cents a kilo and SMR 20 at 260.5 cents (August).

none at 5 tonnes.

Physical closing prices (buyer) were: Spot 56.25p (56.00p); Aug. 61.00p (61.25p); Sept. 61.00p (61.25p).

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

POTATOES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	July 21 1980	+ or —	Month ago
[illegible]			

COTTON

[illegible]

TEA AUCTION

[illegible]

MEAT/VEGETABLES

[illegible]

AMERICAN MARKETS

NEW YORK, July 21.

GRAINS, COTTON and soyabeans closed sharply lower as light rain extended into many of the distressed growing areas. The livestock complex was mixed on a bearish cattle on feed report. Suger finished firm on trade buying. Commission house buying moved copper moderately higher. Light roaster buying in distant coffee ... [illegible] ... Technical buying, was responsible for the improvement in the precious metals, reported Heinold.

Potatoes (round whites)—Nov. 89.0-89.2 (85.9), March 121.4 (116.4), April 151.4. Sales: 2,973.

Sugar—No. 11 Sept. 28.20-28.55 (27.78), Oct. 28.90-29.10 (28.03), Jan. 29.60, March 30.85-31.00, May 30.75, July 30.10, Sept. 29.40, Oct. 29.05.

Tin—780.00-790.00 asked (785.00-777.00).

CHICAGO, July 21.

Lard—Chicago loose 22.00 (same). New York prime steam unavailable.

Live Cattle—Aug. 70.45-70.66 (70.67), Oct. 68.25-68.15 (68.30), Dec. 69.40-69.30, Jan. 70.20, Feb. 70.00-70.05, April 71.95-72.20, June 73.50.

Live Hogs—Aug. 42.20-42.10 (42.15), Oct. 40.40-40.35 (40.65), Dec. 43.60-43.50, Feb. 47.05-47.00, April 46.25, June 48.90, July 49.35, Aug. 48.65.

‡‡Maize—July 317 (322¾), Sept. 318-318½ (325½), Dec. 323½-323, March 331¾-332, May 337-337½, July 339-339½.

Pork Bellies—July 41.67-41.50 (43.07), Aug. 40.27 (42.27), Feb. 57.90-58.00, March 58.05-58.20, May 58.85-58.55, July 58.70, Aug. 58.05.

†Soyabeans—July 759 (789), Aug. [illegible]

‖Soyabean Meal—July 202.0-201.8 (213.5), Aug. 204.7 (214.7), Sept. 207.0, Oct. 208.3, Dec. 213.7, Jan 214.7, March 217.0, May 218.5, July 220.0, Aug. 221.0.

Soyabean Oil—July 27.12 (28.10), Aug. 27.18 (28.18), Sept. 27.40, Oct. 27.60, Dec. 27.70-27.75, Jan. 27.70-27.75, March 27.70-27.80, May 27.80, July 27.75, Aug. 27.60-27.70.

†Wheat—July 429 (432), Sept. 438-436 (442½), Dec. 454½-453, March 467, May 470, July 471.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, July 21.

Wheat—U.S. No. Two Dark Hard Winter 13.5 per cent July $202, Aug. $206. U.S. No. Two Red Winter July $190, Aug. $193, Sept. $195. U.S. No. Two Northern Spring 14 per cent July $213.50, Aug. $214.50, Sept. $216, Oct. $218.50, Nov. $221.50. Rest unquoted.

Maize—Afl $158, July $158, Aug. $158, Sept. $159, Oct./Dec. $163.75, Jan./March $170.

Barley—Aug. $173, Sept. $175, Oct. $177.

Soyabeans—U.S. Two Yellow Gulfports July $320.75, Aug. $321, Sept. $322, Oct. $330, Nov. $330, Dec. $333, Jan. $337, Feb. $340, March $341.75, April $342.50, May $342.50 sellers, Nov. $330.50 traded. Argentina Aug. $309, Sept. $311.75.

Soyameal—44 per cent protein U.S. afl $245, Sept. $258 traded. July $250, Aug. $256, Sept. $260, Oct. $268, Nov. March $275 sellers. Brazil Pellets afl $267, July $267, Aug. $275, Sept. $282.

PARIS, July 21.

Cocoa (FFr per 100 kilos)—July 990, Sept. 980/1000, Dec. 1031/1049, March 1070/1080, May 1085/1100, July 1095/1110. Sales at call 0.

Sugar (FFr per 100 kilos)—Oct. 2940/2945, Nov. 3020, Dec. 3010/3030, March 3130/3180, May 3080, July 3060, Aug. 3050, Oct. 3030. Sales at call 0.

INDICES

FINANCIAL TIMES

July 18	July 17	Mnth ago	Year ago
272.61	274.55	264.24	285.86

(Base: July 1, 1952=100)

MOODY'S

July 18	July 17	M'nth ago	Year ago
1181.0	1186.6	1147.5	1086.2

(December 31, 1931=100)

DOW JONES

Dow Jones	July 19	July 17	Month ago	Year ago
Spot	438.17	434.44	411.77	412.55
F'tur's	449.00	438.42	394.42	394.37

(Average 1924-25-26=100)

REUTERS

July 21	July 18	M'nth ago	Year ago
1703.4	1697.8	1670.4	1566.5

(Base: September 18, 1931=100)

[illegible]

GRIMSBY FISH—Supply: good, demand: fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.50-£5.40, codlings £2.60-£3.40, Large haddock £3.60-£5.40, medium £2.60-£3.90, small £2.30-£2.60, Large plaice £4.20-£7.40, medium £4.00-£7.20, best small £3.40-£6.20. Skinned dogfish (medium) £9.00, Lemon soles large £8.00, medium £7.60-£8.00. Rockfish £2.00-£2.80. Reds £1.80-£2.80. Saithe £1.80-£3.00.

Long Gilts relish absence of Government tap stock

Equity index recrosses 500 before closing down on day

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
July 14	July 24	July 25	Aug. 4
July 28	Aug. 7	Aug. 8	Aug. 18
Aug. 11	Aug. 28	Aug. 29	Sept. 8

* "New time" dealings may take place from 9 am two business days earlier.

A fresh upsurge in longer-dated Government securities yesterday dominated London stock markets as they moved into the second and final leg of the current trading Account. The strength of Gilts was infectious and gave leading equities an early boost which saw the FT Industrial Ordinary share index re-cross the 500 level. In the absence of renewed institutional support, however, profit-takers became active and the index slipped back to close a net 1.3 lower at 496.0, after 500.6.

The authorities' decision to leave the longer end of the Gilt market untapped at the moment—at the official close last Friday a new medium tap stock was announced with the issue of a further £1bn tranche of Treasury 11¾ per cent 1991—strengthened recent thoughts that future Government funding may for a while be concentrated in this area, or even shorter.

Substantial overseas and domestic investment funds were thus massed for the longs which, after opening at Friday's sharply higher late prices, went ahead by about another point before softening just before 3.00 pm to close with gains extending to two points. Sizeable switching operations, both actual and attempted, made up a large part of market activity. Trade in the shorts was contrastingly light with interest inhibited by a marked shortage of credit in money markets.

A general downgrading of clearing bank half-yearly profits following **Lloyds'** figures on Friday tended to subdue the sector awaiting **Midland's** announcement on Friday, but week-end Press comment caused pockets of firmness in selected markets. News of the first major U.S. Prime rate falling to 11 per cent had little impact on after-hours' sentiment.

Contracts completed in Traded options amounted to 1,472 slightly above last week's daily average of 1,292. **Lonrho** were active, attracting 238 deals.

Dealings in **Hall Brothers Steamship** resumed under Special Rule following the offers for Brint Investments; from an opening level of 215p, the shares rose to 240p on investment demand.

Home banks were subdued following adverse comment on Lloyds' disappointing interim results. After Friday's decline of 13, **Lloyds** softened a couple of pence more to 328p. **Midland**, the next to report first-half figures on Friday, gave up 4 to 356p. Discount Houses, however, continued to make good progress in sympathy with buoyant gilts. **Alexanders** rose 7 to 275p following the interim statement and **Union**, up 45 last week, firmed 10 more to 515p. **Gillett Bros.** improved 5 to 203p awaiting today's half-yearly statement and **Cater Ryder** added a similar amount to 380p. Merchant banks were featured by a jump of 20 to 190p in **Leopold Joseph** after renewed demand in a thin market.

Improvements in Insurances ranged to 8. **Equity and Law** closed that much dearer at 292p, but **London and Manchester** dipped 4 to 208p as did **Prudential**, to 240p.

The presence of a few nervous sellers left leading Breweries easier. **Whitbread** fell 6 to 163p, while **Bass**, 233p, and **Scottish and Newcastle**, 65p, gave up 3 and 2 respectively. Among Wines and Spirits, **Distillers** attracted a useful two-way business and closed unchanged at 211p, but **Highland**, awaiting the Secretary of Trade's decision over the Hiram Walker offer, declined 3 to 138p.

A few bright spots emerged in Buildings, but business was quieter than of late. **Taylor Woodrow**, up another 10 at 456p, after 460p, reflected the company's decision to commence drilling for il at Malton, Yorkshire. **Tarmac** closed 3 dearer at 258p, after 260p, following favourable Press comment, while investment buying lifted **Ready Mixed Concrete** 6 to 198p. **Cement Roadstone** hardened a couple of pence to 88p, but **Blue Circle** eased that much to 386p. Buying ahead of preliminary results due on Thursday lifted **A. Monk** 3 to 32p, while **Streeters of Godalming** revived with a gain of 2 to 15p. **Tilbury Contracting** rose 8 to 220p in a thin market, but **Aberdeen Construction** shed 4 to 134p.

A couple of pence easier initially on scrappy selling, **ICI** picked up to close that much better on balance at 378p. Among other Chemicals, speculative counter **Leigh Interests** shed 7 to 167p on profit-taking, but occasional buying left **Coalite** 2 harder at 135p.

Stores quiet

Still buoyed by last week's annual results, **Gussies "A"** improved 8 more to 448p. Other Store leaders failed to attract follow-through support after a firm start and most ended around Friday's closing levels. **House of Fraser**, 139p, lost most of Friday's rise of 5 which followed fresh hopes of a coming offer from Lonrho. Among secondary issues, Press comment helped **Wearwell**, 3 better at 57p, but **Lee Cooper** again succumbed to small selling and eased 4 to 126p. In Shoes, the interim loss clipped 3 from **Lambert Howarth**, 41p.

Standard Telephones continued firmly in Electricals, rising 18 afresh to 412p, after 416p, on hopes that the group will benefit from the Government's decision to break the Post Office telecommunications monopoly. **Ferranti** found support at 676p, up 12, after 680p, while **Automated Security** added 5 to 295p on demand ahead of Thursday's interim results. Still reflecting a broker's favourable circular, **GEC** touched 494p before drifting lower on lack of follow-through support to close a net 4 down on balance at 484p.

Reflecting the success of Raleigh cycles in the Tour-De-France, **Tubes** advanced 6 to 296p, after 298p. Other Engineering leaders, however, drifted lower with **John Brown** 1½ cheaper at 56½p ahead of Friday's preliminary results, while **Hawker** fell 4 to 242p. Elsewhere, **Hawthorn Leslie** rose 6 to 117p, after 118p, following news that the company has now exchanged contracts for its acquisition of British Central Electrical for £1½m. Buying ahead of Thursday's interim results prompted a gain of 12 to 182p in **Bullough**, while **Ash and Lacy** added 7 to 182p on support in a thin market. **W. E. Norton** dipped 2 to 12½p on a sell recommendation and **Westland**, 120p, relinquished 5 of the recent good rise in reaction to cautious comment. **Meggitt** softened a penny to 19p on the interim profits contraction.

Interest in miscellaneous industrials focused on selected secondary issues. **Siebe Gorman** rose 15 to 192p following the better-than-expected results, while **Initial Services** also responded to favourable trading news with a gain of 10 to 160p. Dealings in **Hensher (Furniture)** were resumed following details of Tebbitt Group's agreed £4.8m bid: opening at 99p compared with the suspension level of 85p, the shares touched 101p before reverting to the opening 99p. **Sterling Industries** gained 4 to 34p, while improvements of 6 and 8 respectively were recorded in **Standard Industrial**, 75p, and **Vinten**, 166p. **Johnson Group** rose 5 to 176p on an investment recommendation and **J. Bibby** firmed 6 to 192p for a similar reason. **Sothebys** remained friendless with adverse comment clipping the price a further 15 to 423p and **Christies International** cheapened 4 to 195p in sympathy. News of a factory closure and redundancies left **Silentnight** 3 lower at 36p, while **Hunting Associates** eased 10 to 330p.

The boardroom coup against chairman Mr. Peter Cadbury and worries that the company could lose its ITV franchise had an unsettling effect on **Westward TV** which shed 2½ to 19½p.

A broker's adverse circular unsettled recently buoyant **Dowty**, 9 cheaper at 250p; the annual results are expected today. Press comment left **Dunlop** 4 down at 78p, but **Lucas** were firmer again, closing 3 to the good at 220p. Elsewhere in Motors, **Pennine** encountered profit-taking and slipped 1½ to 12½p.

Up to 29p in the early business on further reflection of Pergamon acquiring a 29.5 per cent stake in the company, **BPC** eased steadily to finish a shade lower on balance at 25½p. Elsewhere among Paper/Printings, Press comment helped **Watmoughs**, 140p, and **Allied International Designers**, 31p, both 3 better.

The undertone in Properties remained firm, **Land Securities** adding 2 to 366p and **MEPC** a penny to 226p. **Hammerson A** closed 5 better at 520p, after 525p, while **British Land** hardened 1¼ to 97p. Elsewhere, renewed speculative support left **London and Provincial Shop** 6 up at 388p, after 390p, and **North British Properties** 8 to 151p. **Dares Estates** added 1¼ to 25p ahead of Thursday's interim figures and **Regional A** put on 3 to 121p. **County and District**, which rose 62 last week on a bid approach, eased 10 to 200p awaiting developments.

Onshore oil up

Onshore exploration issues provided the main points in Oils. The Marinex prospectus stimulated fresh speculative demand for Humbly Grove partners **Carless Capel** and **Candecca**, the former rising 13 to 166p and the latter 8 to 200p. The oil majors, a few pence firmer initially, drifted back as interest waned; **British Petroleum** closed unaltered at 352p, while **Shell** finished 2 cheaper on balance at 430p, after 440p. **Lasmo** attracted a limited amount of interest and gained 13 to 743p. Elsewhere, **Strata** shed 12 to 152p on disappointment with the initial results from the Woodada 2 well, but **Double Eagle** put on 10 to 170p, after 175p, following a favourable Press mention.

Investment Trusts attracted a fair measure of support and closed with gains to 13. **Wemyss** rose that much to 330p, while rises of 5 were common to **Alliance Trust**, 239p, **Scottish National**, 192p, and **Northern Securities Trust**, 172p. News that Jove has increased its stake in the company to 8.57 per cent lifted **Cumulus** 3 to 34p. In Financials, **Mercantile House** met profit-taking and shed 5 to 268p, while the disappointing level of acceptances to its offer for Revertex Chemicals left **Yule Catto** 13 lower at 97p.

Golds firmer

The $10 rise in the bullion price to $618¾ an ounce following a further decline in U.S. interest rates encouraged a good demand for South African Golds.

Share prices opened on a firm note and continued to make progress throughout the day owing to persistent Johannesburg buying. The Gold Mines Index put on 3.3 to 358.8.

Financials moved up in the wake of Golds. Good local support lifted **Anglo American Corporation** 23 to 638p while **De Beers** put on 12 to 428p, **"Amgold"** a point to £40 and **GFSA** ¾ to £34½. **Gencor (General Mining Union Corporation)** held steady at 880p.

The London Financials initially gained ground but subsequently eased back to close barely changed on balance. **Rio Tinto-Zinc** touched 483p in early trading, reflecting the rise in copper prices, before ending a net 5 up at 480p.

Platinums surged ahead following persistent local and Johannesburg buying in a market short of stock. **Impala** were outstanding and advanced 44 to 318p, while **Lydenburg** rose 25 to 168p and **Rustenburg** 5 to 258p, after 264p.

Most of the interest in Australians was directed towards the energy stocks. **Haoma Gold** dropped 12 to 192p and **North West Mining** 16 to 168p reflecting their respective holdings in Strata Oil which announced the first drilling report from the Woodada No. 2 appraisal well in Western Australia's Perth Basin.

Oil-shale stocks came under pressure from persistent profit-taking which left **Greenvale Mining** 38 down at 250p and **Esperance Minerals** 35 cheaper at 290p.

In Uraniums **EZ Industries** rose 20 to 340p and **Peko-Wallsend** 10 to 420p following the US$150m uranium sales contract.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	300	54	19	71	50	84	—	353p
BP	330	24	18	46	1	60	—	"
BP	360	2	2	25	38	42	9	"
BP	390	½	—	16	7	30	—	"
BP	420	¼	—	5	15	—	2	"
Com. Union	140	21	—	28	—	32	1	160p
Com. Union	160	1½	50	12	2	18	—	"
Cons. Gold	390	150	1	—	—	—	—	538p
Cons. Gold	500	40	4	77	—	88	—	"
Cons. Gold	550	4	74	46	5	58	—	"
Cons. Gold	600	1	—	26	90	38	1	"
Courtaulds	60	10½	—	17	1	19	4	70p
Courtaulds	70	1½	3	9	28	12	—	"
Courtaulds	80	¼	—	3	18	4½	—	"
GEC	420	68	1	82	1	102	—	487p
GEC	460	28	22	50	9	72	—	"
GEC	500	—	—	26	23	49	—	"
Grand Met.	140	23	55	27	3	34	2	162p
Grand Met.	160	3½	65	14½	23	23	2	"
ICI	360	17	—	33	10	46	1	378p
ICI	390	1	28	17	10	30	—	"
ICI	420	—	—	5	—	—	—	"
Land Secs.	293	74	7	87	—	—	—	367p
Land Secs.	333	44	10	62	—	75	1	"
Land Secs.	353	14	41	41	10	55	—	"
Land Secs.	390	—	—	21	27	32	—	"
Marks & Sp.	80	19	20	21	—	23	—	97p
Marks & Sp.	90	8	35	13½	25	17	—	"
Marks & Sp.	100	1½	10	8	10	12½	4	"
Shell	360	74	1	90	9	102	—	433p
Shell	390	44	2	64	27	80	—	"
Shell	420	14	48	40	34	60	—	"
Shell	460	—	—	22	12	38	2	"
Totals			497		507		29	
		August		**November**		**February**		
Imperial Gp.	80	5	—	8¼	3	10½	—	81p
Imperial Gp.	90	1	12	5½	3	5½	1	"
Lonrho	70	46	1	51	3	52	—	114p
Lonrho	80	36	—	41	1	43	—	"
Lonrho	100	19	22	25	3	28	5	"
Lonrho	110	10	12	18	38	23	—	"
Lonrho	120	5	25	15	122	19	—	"
P. & O.	120	13	1	20	1	22½	—	129p
P. & O.	130	6	—	12½	—	15½	—	"
Racal Elec.	240	51	5	64	—	75	—	286p
Racal Elec.	260	30	8	48	4	54	—	"
Racal Elec.	280	20	25	33	10	47	—	"
Racal Elec.	300	9	12	22	34	35	—	"
RTZ	300	185	4	—	—	—	—	480p
RTZ	330	155	—	135	1	155	—	"
RTZ	390	95	—	110	3	130	—	"
RTZ	420	65	—	80	—	110	4	"
RTZ	460	35	9	55	18	80	—	"
RTZ	500	15	3	33	33	55	—	"
Totals			137		282		20	

FINANCIAL TIMES STOCK INDICES

—	July 21	July 18	July 17	July 16	July 15	July 14	A year ago
Government Secs.	72.54	71.91	71.98	71.71	71.07	70.61	[illegible]
Fixed Interest	73.76	73.11	73.02	72.55	72.24	72.05	[illegible]
Industrial	496.0	497.3	496.9	503.1	499.8	489.7	[illegible]
Gold Mines	358.8	355.5	350.2	353.8	349.9	365.2	[illegible]
Ord. Div. Yield	7.30	7.29	7.29	7.22	7.28	7.46	[illegible]
Earnings, Yld. %(full)	17.72	17.69	17.68	17.49	17.63	18.07	17.05
P/E Ratio (net) (*)	6.80	6.81	6.83	6.90	6.85	6.68	[illegible]
Total bargains	24,806	24,757	26,664	28,824	26,356	26,178	—
Equity turnover £m.	—	148.75	180.12	323.62	140.24	114.36	[illegible]
Equity bargains total	—	18,433	19,745	21,299	20,988	21,594	11,021

10 am 500.6. 11 am 500.6. Noon 498.7. 1 pm 497.9. 2 pm 497.4. 3 pm 497.5.

Latest Index 01-246 8026.

*Nil=6.34.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	73.76 (21/7)	64.70 (18/8)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	503.1 (16/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (28/2)	265.5 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 21	July 18
Daily		
Gilt Edged	128.1	122.5
Industrials	144.8	131.7
Speculative	44.7	55.9
Totals	97.7	99.9
5-day Av'ge.		
Gilt Edged	133.3	130.5
Industrials	138.8	136.2
Speculative	39.4	40.4
Totals	94.5	92.4

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (351)

BRITISH FUNDS (50)
CORPORATION LOANS (7)
COM'WEALTH & AFRICAN LOANS (4)
LOANS (6)
FOREIGN BONDS (2)
AMERICANS (7)
BANKS (13)
BUILDINGS (9)
CHEMICALS (2)
DRAPERY & STORES (5)
ELECTRICALS (14)
ENGINEERING (12)
FOODS (12)
INDUSTRIALS (27)
INSURANCE (10)
MOTORS (1)
NEWSPAPERS (2)
PAPER (1)
PROPERTY (28)
SHIPPING (2)
TRUSTS (138)
OIL & GAS (4)
OVERSEAS TRADERS (2)
MINES (3)

NEW LOWS (12)

STORES (1)
Lee Cooper
ELECTRICALS (2)
Jones Stroud — Wigfall (H.)
ENGINEERING (1)
Duport
INDUSTRIALS (4)
Central Mfg. — Dwek
Duple Intl. — Fobel Intl.
MOTORS (2)
Woodhead (J.) — Tate of Leeds
SHOES (1)
Garner Scotblair
OVERSEAS TRADERS (1)
Assam Trading

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	64	4	22
Corpns. Dom. and Foreign Bonds	25	—	44
Industrials	282	177	886
Financial and Prop.	245	48	204
Oils	22	20	34
Plantations	2	4	20
Mines	68	23	66
Others	56	29	78
Totals	764	305	1,384

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Carless Capel	10p	10	166	+13	166	68
Westland Aircraft	25p	9	120	−5	125	55½
RTZ	25p	8	480	+5	485	327
Eng. China Clays	25p	7	107	—	107	74
ICI	£1	7	378	+2	402	348
Shell Transport	25p	7	430	−2	434	314
Allied Breweries	25p	6	85	−2	89	68
BP	25p	6	352	—	412	320
Courtaulds	25p	6	69	—	87	64
De Beers Defd.	R0.05	6	428	+12	553	368
Dowty	50p	6	250	−9	259	148
European Ferries	25p	6	185½	−1	191	98
GEC	25p	6	484	−4	494	326
Grand Met.	50p	6	162	−1	167	120
Imperial Group	25p	6	81½	+½	89½	71½

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Jul. 21	Aug. 1	Oct. 23	Nov. 3
Aug. 4	Aug. 15	Nov. 6	Nov. 17
Aug. 18	Aug. 29	Nov. 20	Dec. 1

For rate indications see end of Share Information Service

Call options were dealt in British Land, BSG, William Press, MFI, Coral Leisure, Endeavour, Hampton Trust, Berkeley Exploration, Aran Energy, Carless Capel, Candecca, Lonrho, Tebbitt Brothers, Town and City, Highland Distilleries, Combined English Stores, Pennine Motor, Charter Cons., Imperial Continental Gas, House of Fraser, Marchwiel, Duport and Courtaulds. Puts were done in FNFC, Town and City, Associated Dairies, Grand Metropolitan and Dunlop, while doubles were arranged in FNFC and William Press.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., July 21, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., July 18 Index No.	Thur., July 17 Index No.	Wed., July 16 Index No.	Tues., July 15 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS(172)	286.64	−0.1	16.18	5.72	7.49	286.96	283.06	283.32	278.21	241.88
2	Building Materials (28)	268.14	+0.2	17.22	6.25	6.82	267.51	268.06	266.57	260.78	224.75
3	Contracting, Construction(27)	423.81	+0.1	21.78	5.78	5.47	423.44	419.64	418.41	409.26	354.48
4	Electricals (16)	816.54	−0.2	12.10	3.20	10.24	818.00	793.75	800.27	790.14	584.11
5	Engineering Contractors (11)	337.53	+0.9	20.12	7.68	6.23	334.46	333.79	332.16	329.20	385.46
6	Mechanical Engineering (74)	189.30	−0.5	16.82	6.99	7.28	190.20	188.09	187.67	182.94	178.39
8	Metals and Metal Forming(16)	172.80	−0.2	20.92	9.82	5.73	173.09	172.90	173.04	170.93	166.25
	CONSUMER GOODS										
11	(DURABLE) (49)	237.90	+0.3	13.97	5.49	8.65	237.20	234.49	235.23	233.26	226.62
12	Lt. Electronics, Radio, TV(14)	357.21	+0.5	10.85	3.95	11.41	355.47	350.28	351.10	348.86	315.79
13	Household Goods (14)	99.27	−0.6	24.41	10.63	5.17	99.87	102.54	103.41	103.23	151.81
14	Motors and Distributors (21)	103.95	−0.1	22.06	9.46	5.24	104.10	103.17	103.64	101.96	111.38
	CONSUMER GOODS										
21	(NON DURABLES) (172)	239.53	—	17.29	6.75	6.99	239.41	238.85	239.72	238.28	231.70
22	Breweries (14)	297.30	−1.7	15.25	6.19	7.66	302.56	304.24	305.05	302.27	275.56
23	Wines and Spirits (5)	313.18	−0.2	19.37	6.50	6.08	313.78	317.93	321.28	320.98	324.28
24	Entertainment, Catering (17)	343.56	−0.5	16.81	6.51	7.38	345.32	345.49	347.82	347.73	305.40
25	Food Manufacturers(21)	218.78	+0.4	18.59	6.86	6.32	217.94	218.01	219.08	218.18	196.11
26	Food Retailing(13)	346.13	+0.8	12.19	4.57	9.79	343.45	339.99	338.54	333.01	298.46
32	Newspapers, Publishing (13)	444.33	+0.3	21.48	6.58	6.29	442.99	442.11	448.63	442.08	406.84
33	Packaging and Paper (15)	140.51	+0.2	25.43	9.32	4.57	140.17	140.37	140.38	138.33	121.58
34	Stores (45)	231.99	+0.4	13.56	5.42	9.62	230.97	228.40	227.70	226.91	240.90
35	Textiles (21)	129.48	−0.4	25.39	12.20	4.80	129.94	134.43	140.43	140.49	155.15
36	Tobaccos (3)	229.23	+0.7	25.04	10.16	4.55	227.65	225.07	226.55	223.90	230.25
37	Toys and Games(5)	27.63	—	8.14	13.80	28.41	27.63	27.63	27.63	27.98	67.39
41	OTHER GROUPS (99)	230.85	+0.4	15.94	6.69	7.46	229.85	229.60	230.49	227.14	196.75
42	Chemicals (16)	324.28	+0.7	19.13	7.43	5.99	322.12	321.10	325.72	322.47	271.49
43	Pharmaceutical Products (7)	234.00	+0.3	10.81	5.92	11.44	233.35	233.82	234.77	233.73	214.08
44	Office Equipment (6)	109.15	−0.6	18.55	7.60	6.29	109.76	109.63	109.53	105.99	117.81
45	Shipping (10)	607.75	—	12.63	5.81	9.65	607.68	607.41	610.62	597.57	460.19
46	Miscellaneous (60)	286.78	+0.5	15.61	6.40	7.85	285.25	285.04	283.30	277.67	235.31
49	INDUSTRIAL GROUP (492)	256.86	+0.1	16.44	6.37	7.33	256.58	255.10	255.84	252.92	232.39
51	Oils (8)	813.31	−0.2	28.28	6.32	3.90	814.56	809.02	813.74	807.34	649.32
59	500 SHARE INDEX	301.00	+0.1	18.85	6.36	6.22	300.82	299.03	300.08	296.87	266.03
61	FINANCIAL GROUP (118)	236.07	+0.2	—	5.35	—	235.55	235.20	235.25	230.12	188.93
62	Banks(6)	239.41	−0.6	40.75	6.88	3.01	240.93	245.51	247.68	236.39	232.57
63	Discount Houses (10)	296.79	+0.7	—	5.98	—	294.75	291.16	277.56	269.06	259.65
64	Hire Purchase (5)	246.52	+0.1	12.68	4.06	10.24	246.25	247.48	249.03	240.91	162.47
65	Insurance (Life) (10)	236.34	+1.2	—	5.39	—	233.63	231.57	231.85	229.21	150.22
66	Insurance (Composite) (9)	159.01	+0.4	—	6.77	—	158.41	156.79	156.78	155.44	120.01
67	Insurance Brokers (9)	349.01	+0.2	13.31	6.56	10.32	348.43	346.23	344.37	346.64	239.94
68	Merchant Banks (13)	141.45	+0.8	—	4.76	—	140.33	138.20	137.11	132.74	97.76
69	Property (45)	441.91	+0.4	3.18	2.64	44.32	440.24	437.50	437.12	428.78	355.71
70	Miscellaneous (11)	143.49	—	15.31	6.08	8.30	143.55	143.13	141.22	139.42	121.91
71	Investment Trusts (109)	269.39	+1.7	—	5.22	—	264.80	262.75	262.64	258.33	204.52
81	Mining Finance (4)	248.25	+0.7	10.87	3.98	11.09	246.52	246.05	244.01	239.42	113.72
91	Overseas Traders (19)	422.49	+1.1	11.60	6.85	10.49	417.79	416.67	413.94	406.52	326.28
99	ALL-SHARE INDEX(750)	288.10	+0.2	—	6.04	—	287.44	285.99	286.58	282.71	243.35

FIXED INTEREST PRICE INDICES

	British Government	Mon., July 21	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.75	+0.04	—	6.05
2	5-15 years	115.57	+0.64	0.35	8.02
3	Over 15 years	123.24	+1.49	—	7.61
4	Irredeemables	136.29	+1.28	—	7.24
5	All stocks	114.93	+0.79	0.09	7.07

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Mon., July 21	Fri., July 18	Year ago (approx.)
1	Low Coupons	5 years	11.17	11.22	10.08
2		15 years	11.11	11.19	10.51
3		25 years	11.11	11.19	10.95
4	Medium Coupons	5 years	12.45	12.64	12.17
5		15 years	12.40	12.59	12.07
6		25 years	12.36	12.54	11.98
7	High Coupons	5 years	12.71	12.73	12.36
8		15 years	12.81	12.98	12.36
9		25 years	12.65	12.91	12.36
10	Irredeemables		10.80	10.93	10.50

		Monday, July 21 Index No.	Yield %	Fri. July 18	Thurs. July 17	Wed. July 16	Tues. July 15	Mon. July 14	Fri. July 11	Thurs. July 10	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	54.46	†13.61	54.38	54.34	54.10	53.85	53.80	53.63	53.39	58.49
16	Investment Trust Prefs. (15)	51.25	13.22	51.19	51.19	49.71	49.71	49.71	49.71	49.97	51.60
17	Coml. and Indl. Prefs. (20)	68.10	13.18	67.06	67.10	65.34	65.30	65.25	65.26	65.06	72.10

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p:	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Energy Capital (12½p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hall Bros.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Home Farm Prods 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Jenkin & Purser	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Oakwood Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Pineapple Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rolfe & Nolan 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Q. Minerals 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	British Home Stores 9⅞% Cnv. Ln. '92	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cowie (T.) 10½% Conv. Red. Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Daiei 5⅛% Conv. Bds. due 1995	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	London & Midland Inds [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	North Surrey Water 10pc Pref. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	South Staff. Water 9½% Rd. Pf. '85	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sunderland & S.Shields Wtr 9½% Rd. Prf. 1986	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p:	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Anderson Strathclyde	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Asbury & Madeley	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Beresford (S. & W.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brengreen	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brown & Jackson	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Carless Capel	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Charterhall	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Clive Discount	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cosalt	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Crest Nicholson	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Danks Gowerton	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Harrison & Crosfield	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hazlewood Foods	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Land Securities	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lloyds & Scottish	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mallinson-Denny	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Pancontinental	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Thurgar Bardex	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

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OFFSHORE & OVERSEAS FUNDS

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Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
95⅛	80¼	Treasury 11¾pc 03-07	95⅞xd	+1¾	12.35	12.38
109	94½	Treas. 13½pc '04-08	108⅝	+1⅝	12.70	12.66
53¼	42⅞	Treasury 5½pc '08-12‡‡	53¼	+⅞	10.74	11.06
68¾	57½	Treasury 7¾pc '12-15‡‡	68¼xd	+1⅛	11.34	11.45
100½	85⅛	Exch. 12pc '13-'17	100½	+1⅞	12.10	12.09

Undated

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
33⅞	29	Consols 4pc	33½xd	+⅜	11.90	—
33¾	28⅞	War Loan 3½pc‡‡	33¾	+⅜	10.52	—
37¾	32¾	Conv. 3½pc '61 Aft.	37⅛	+½	9.71	—
25¾	21⅝	Treasury 3pc 66 Aft	25¾	+¼	12.06	—
22⅞	19½	Consols 2½pc	22⅜	+½	11.23	—
21⅞	17⅞	Treasury 2½pc	21⅞	+⅜	11.84	—

INTERNATIONAL BANK

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
87½	78	5pc Stock '77-82	87¼	+¼	5.73	12.15

CORPORATION LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
97	83⅝	Bath 11¼pc 1985	97	+½	11.91	12.70
98½	89½	Birm'ham 12½pc 1985	98½	.....	12.69	12.89
99½	96¾	Bristol 13¾pc 1981	99½	.....	13.82	14.46
101½	90	Burnley 13pc 1987	101½	+½	13.04	13.05
95	82¾	Cardiff 11pc 1986	95	+½	11.92	12.80
98¼	93	G.L.C. 12½pc '82	98¼	.....	12.72	13.57
98¾	90¼	Do. 12½pc 1983	98¾xd	.....	12.60	12.80
91¾	84¾	Glasgow 9¼pc '80-82	91¾	.....	10.08	13.51
75¾	64½	Herts 6¾pc 1985-87	74¾xd	+½	9.01	12.15
90½	81¼	Liverpool 9¾pc '80-84	90½	.....	10.77	12.94
27	24	Do. 3½pc Irred.	26½	+½	13.53	—
100¼	92¼	Lon. Corp. 13¼pc '83	100¼	.....	13.22	13.11
93¾	79¼	Do. 9¼pc '84-85	93¾	+¼	10.38	11.61
80½	71	L.C.C. 5½pc '82-84	80½xd	.....	6.84	11.73
70	60½	Do. 5½pc '85-87	70	+¾	7.92	12.19
68¾	60¾	Do 6¾pc '88-90	68¾	+¾	9.85	12.31
23¾	21	Do. 3pc '20 Aft.	23¼	+½	13.35	—
98¾	95⅜	Newcastle 9¼pc '78-80	98¾	.....	9.37	16.69
97½	87¾	Sunderland 12¼pc 1984	97½	+¼	12.56	12.98

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
91	82¼	Aust. 5½pc '81-82	91	+½	6.16	12.70
84½	72½	Do. 6pc 1981-83	84½	+½	7.18	12.04
66½	58	N.Z. 7¼pc 1988-92	66½	+1	10.96	12.87
81	72	Do. 7½pc '83-86	81	+1	9.35	12.29
96¾	86	Sth. Africa 9½pc '79-81	96¾	.....	10.02	13.91
160	107	Sth. Rhod. 2½pc '65-70	153≠	.....	—	—
169	133	Do. 6pc '78-81	167≠	.....	—	—

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

1980 High	Low	Stock	Price	+ or −	Div. Gross	Cvr	Yld Gr's
21	15⅞	TRW Inc. $1¼	18½		$2.20	—	5.3
19¼	14⅞	Tenneco $5	17¾	.....	$2.40	—	6.1
154	125	Do 10% Ln. Stk. 91-95	144	.....	10%	—	f7.1
11⅝	736p	Tesoro Pt. US$0.16⅔	856p	−13	30c	—	1.6
18	12¼	Texaco $6.25	15¾	−⅛	$2.40	—	6.8
23⅞	17¼	Time Inc. $1	22⅝	+⅝	$1.66	—	3.3
854p	665p	Transamerica $1	756p	+8	$1.12	—	6.7
19⅜	18	Union Carbide $1	18⅞	.....	$3.0	—	7.2
23¼	17⅛	Utd. Tech. $US5	19¾	.....	$2.20	—	5.0
945p	726p	U.S. Steel $1	946p	+30	$1.60	—	7.9
12	967p	Woolworths $3½	12	+⅛	$1.80	—	6.7
29⅞	21⅞	Xerox Corp. $1	25⅛	−¼	$2.80	—	5.0
16¾	11¼	Zapata Corp. 25c	16⅝xd	+¼	48c	—	1.3

CANADIANS

1980 High	Low	Stock	Price	+ or −	Div. Gross	Cvr	Yld Gr's
10⅞	865p	Bk. Montreal $2	10¼	+⅛	$1.52	—	5.5
11 13/16	870p	Bk. Nova Scot. $1	11 1/16	.....	$1.40	—	4.8
800p	685p	Bell Canada $8⅓	735p	−15	$1.64	—	8.4
846p	433p	Bow Valley‖	834p	−26	10c	—	0.5
12¼	820p	Brascan‖	10½	+¼	♦$1.20	—	4.3
10⅜	860p	Can. Imp. Bk. $2	947p	+7	$1.80	—	7.2
18 11/16	13⅛	Can. Pacific $5	15 3/16	.....	$1.80	—	4.5
34	27⅜	Do. 4pc Deb. £100	32	.....	4%	—	12.5
947p	656p	Can. P. Ent.‖	845p	.....	h$1.00	—	4.5
14¼	8	Gulf Oil Can.‖	12½	−⅜	44c	—	1.3
740p	570p	Hawker Sid. Can.‖	660p	+15	96c	—	5.5
22⅛	13¾	Hollinger $5	22	.....	s$2.20	—	3.8
11 15/16	850p	Hudson's Bay ‖	885pxd	.....	♦$1.20	—	5.1
14¼	925p	Hud. B. Oil G. $2½	13⅛	.....	h57½	—	1.7
21⅞	13⅛	Imperial Oil‖	16½	−¼	$1.40	—	3.2
14	855p	Inco‖	950p	+20	72c	—	2.9
565p	425p	Inl. Nat. Gas $1	530p	−10	$1.00	—	7.1
495p	265p	Massey Ferg.‖	315p	+5	—	—	—
200p	100p	Place Gas $1	117p	.....	—	—	—
14 1/16	10⅝	Rio Algom	12 3/16	.....	$1.50	—	4.7
19½	14½	Royal Bk. Can. $2	18¼	+⅛	$2.56	—	5.3
25½	15 7/16	Seagram Co. C$1	23 1/16	.....	SUS1.10	—	2.1
11½	890p	Tor. Dom. Bk. $1	11 3/16	+1/16	$1.36	—	4.6
10½	815p	Trans Can. Pipe	930p	+10	$1.16	—	4.7

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INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

1980 High	1980 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
21	13	N.M.C.Invs. 12½p.	17	......	1.43	1.7	12.0	7.1
230	200	Nippon Fd. Stg. 10p.	230	......	—	—	—	—
17	13	Parambe 10p	15	......	t0.6	1.1	5.7	26.4
97	71	Park Place Inv.	89	......	†2.8	3.1	4.5	8.0
252	190	Pearson (S) & Son	250	+4	10.0	3.6	5.7	6.5
141	85	Rosebaugh 10p.	142	+2	—	—	—	—
152	95	Scot. & Merc. 'A'	149	......	4.75	1.1	4.6	27.4
£11½	£10⅛	Sd. Mkt. P'g. Rd. Prf.	£11¼	......	—	—	—	—
£57	£52	S.E. £4¼pc Ann.	£55	......	Q4¼%	—	7.7	—
39	22	Smith Bros.	38	+1	‡d1.6	0.7	‡	33.3
£31	£26½	Suez Fin. NF100.	£29	......	Q30%	ϕ	11.1	ϕ
£12½	£11	Trans. Mkt. Tst. 1p.	£11½	......	Q62.0	1.0	5.4	‡
29	20	Wstn. Select. 20p	25	......	†2.1	1.1	12.0	11.2
11	9½	Yorkgreen 10p.	10½	......	0.44	3.5	6.0	7.6
130	97	Yule Catto 10p.	97xd	−13	2.0	3.1	2.9	14.4

OIL AND GAS

1980 High	1980 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
490	153	††Aran Energy £1.	484	......	—	—	—	—
310	164	Attock 20p	242	−2	—	—	—	—
775	405	Basic Res. Inc. S.A.	555	+10	—	—	—	—
256	83	††Berkeley Expln.	227	−3	—	—	—	—
344	278	Brit. Borneo 10p.	306	+6	s9.5	2.5	4.4	13.4
412	320	Brit. Petroleum	352	......	17.5	4.7	7.1	3.3
63	56¼	Do. 8% Pf. £1	63	+3	5.6%	235¼	12.7	—
249	162	Burmah £1	208	−2	6.5	3.0	4.5	(7.6)
£66¼	£56½	Do. 8½ Ln. 91/96	£65¾	+¼	Q8½%	15.7	e13.9	—
332	210	††CCP North Sea	242	+2	—	—	—	—
318	165	††Cambridge Pet. 20p.	240	......	ϕ—	—	—	—
*220	50	††Candecca Res.	200	+8	—	—	—	—
*166	68	Carless Capel 10p	166	+13	H2.5	4.1	2.2	15.8
180	115	Century 10p	156	+1	4.5	5.5	4.1	4.7
*81½	52½	Charterhall 5p.	66	+1	—	—	—	—
£30½	£24¼	Cie Fr. Petroles B.	£26	......	Q45%	ϕ	9.9	ϕ
470	310	††Cluff Oil £1	330	......	—	—	—	—
455	295	††Do. Cnv. A	325	+5	—	—	—	—
634	230	††Clyde Petrol £1.	515	+5	M2.0	1.6	0.6	(14.6)
173	118	††Double Eagle	170	+10	—	—	—	—
258	100	††Edinburgh Secs.	208	−2	G1.28	1.4	0.9	(17.8)
490	265	††Gas & Oil Acreage	390	−5	—	—	—	—
525	280	Global Nat. Res. US$0.01.	490	−15	—	—	—	—
174	111	Hunting Petrol.	168	......	5.5	2.5	4.7	9.8
906	593	Imp. Cont. Gas £1	852xd	+2	21.0	2.4	3.5	13.4
94	41	KCA	86	......	4.5	0.2	7.5	—
830	337	LASMO	743	+13	—	—	—	57.7
£101½	£91½	LASMO 14% 1981-85	£97	+⅝	Q14%	—	14.5	—
£10½	870	LASMO "Ops" 10p	£10	......	42.8	—	6.1	—
320	140	††Magellan Pet.	290	−5	—	—	—	—
65	27	Magnet Metals 10c	48	−1	—	—	—	—
54	32	††New Court Nat.	54	+3	1.0	ϕ	2.7	ϕ
115	80	††Nth. Sea Assets 50p.	102	−3	—	—	—	88.1
24½	13	††Offshore Oil	20½	−½	—	—	—	—
485	300	††Pict Petroleum	420	−5	—	—	—	—
109	39½	Premier Cons. 5p	94	......	—	—	—	—

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

LEISURE

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

INSURANCE

MINES—Continued

Australian

1980 High	1980 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	22	......	—	—	—
24	12	ACM 20c	22	......	—	—	—
105	52½	Bond Corp.	90	......	h02.8c	2.2	1.6
156	88	Bougainville I Kina	130	......	Q26.2c	1.0	11.1
265	195	BH South 50c	200	......	ϕ—	—	—
25	11½	Canada Northwest	21½	+½	—	—	—
42	8	Carr Boyd 20c	31	......	—	—	—
£36⅛	£15¼	Central Pacific	£31½	−½	—	—	—
356	230	Conzinc Riotinto 50c.	264	......	Q15c	2.1	2.9
41	17	Cultus Pacific N.L.	37	......	—	—	—
52	20	Eagle Corp. 10c	40	......	—	—	—
27½	15¾	Endeavour 20c	25	+1½	—	—	—
464	175	G. M. Kalgoorlie 25c	430	......	†Q3c	—	0.4
46	15	Great Eastern	21	......	—	—	—
457	260	Hamptn Areas 5p.	445	+15	4.5	ϕ	1.5
204	30	Haoma Gold N.L.	192	−12	—	—	—
50	15	Intl. Mining	48	+3	—	—	—
720	80	Leichardt Expln.	190	−20	—	—	—
72	41	Metals Ex. 50c	54	......	—	—	—
312	187	M.I.M. Hldgs. 50c	238	+1	†Q16.1c	1.8	3.5
21	7	Minefields Expl. 25c.	21	......	—	—	—
155	60	Mount Lyell 25c	88	......	—	—	—
28	15	Newmetal 20c	19	......	—	—	—
45	12	Nickelore N.L.	45	......	—	—	—
207	137	North B. Hill 50c.	180	+3	†Q12c	1.4	3.5
101	44½	Nth. Kalgurli	90	......	—	—	—
165	90	Nth. Mining Corp.	125	+3	—	—	—
184	24	N. West Mining N.L.	168	−16	—	—	—
235	144	Oakbridge $A1	203	......	Q12c	4.7	3.1
153	70	Otter N. L.	120	−5	—	—	—
230	128	Pacific Copper	208	+4	—	—	—
465	255	Pancont'l 25c	345	+5	—	—	—
78	42	Paringa M&Ex.5p	60	−1	—	—	—
495	335	Peko-Wallsend 50c.	420	+10	†Q17.5c	ϕ	2.2
230	140	Seltrust A	170	......	—	—	—
£14¼	575	Southern Pacific	£11½	−¼	—	—	—
98	31	Swan Resources 20c.	83	+3	—	—	—
34	8	West Coast 25c	34	......	—	—	—
274	177	Westn. Mining 50c.	257	−3	†Q7c	1.6	1.5
30	10	Westmex	28	+1	—	—	—
108	56	Whim Creek 20c.	97	......	—	—	—
33	10½	York Resources	32	−1	—	—	—

Tins

1980 High	1980 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	14	Amal Nigeria 1p	14	......	J6.0	—	—
345	255	Ayer Hitam $M1	290	......	‡Q290c	0.9	‡
67	42	Beralt Tin	57	......	4.5	3.2	11.3
225	149½	Berjuntai $M1	210	......	‡Q95c	1.0	‡
230	150	Geevor	160	+5	8.4	1.9	7.5
11	10	Gold & Base 12½p	10½	......	—	—	—
460	310	Gopeng Cons.	450	−5	†25.0	1.8	7.9
330	280	Hongkong	320	......	‡35.87	ϕ	‡
105	90	Idris 10p	94	......	14.0	1.2	22.0
15	12½	Jantar 12½p	13	......	1.5	ϕ	16.5
92	64	Kamunting $M0.50.	87	......	Q47½c	1.1	12.3
250	150	Killinghall $M1	250	......	hQ50c	ϕ	4.1
880	485	Malay Dredging $M1	785	......	ϕmQ105c	2.6	2.7
39	26	Pahang	39	......	0.44	8.3	1.6
108	83	Pengkalen 10p	85	+2	6.0	1.3	10.1
305	230	Petaling $M1	305	......	†Q150c	1.4	10.3
70	57	Saint Piran	65#	......	‡2.5	6.4	‡
44	22	South Crofty 10p	32	−1	1.0	ϕ	4.5
350	180	South Kinta $M0.50	325	......	ϕQ150c	1.0	9.8
540	340	Sthn Malayan $M1	540	......	ϕ†Q175c	2.1	6.7
305	215	Sungei Besi $M1	290	......	†Q520c	1.0	36.6
42	22½	Supreme Corp. $M1	42	+4	hQ8c	—	3.9
103	90	Tanjong 15p	95	......	5.75	6.0	8.6
95	78	Tongkah H. Tin	80	......	Q45c	1.3	12.6
330	220	Tronoh $M1	290	......	Q250c	0.7	17.5

Copper

1980 High	1980 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
235	130	Messina R0.50	217	+2	mQ10c	ϕ	2.6

Miscellaneous

1980 High	1980 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	150	......	—	—	—
97	52	Barymin	53	......	—	—	—
17	12	Burma Mines 10p	14	......	0.62	1.1	6.4
146	53	Colby Res. Corp.	146	+9	—	—	—
502	290	Cons. Murch. 10c.	300	+10	MQ100c	1.8	19.1
180	106	††Hemerdon 10c.	110	......	—	—	—
585	325	Northgate C$1	370	......	—	—	—
485	327	R.T.Z.	480	+5	15.0	3.2	4.5
33	16	Robert Mines	24	+1	—	—	—
58	26	Sabina Inds. C$1.	30	......	—	—	—
51	43	††SWCM 10p	43	−1	—	—	—
650	411	Tara Exptn. $1	435	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	32	......	Conv. 9% '80/82	£92	......
Bertam	16	......	Nat. 9¾% 84/89	£81⅛	−¼
Bdg'wtr. Est. 50p	440	......	Fin. 13% 97/02	£96¾	+⅝
Clover Croft	60	......	Alliance Gas	48	......
Craig & Rose £1	£10½	......	Arnott	190xc	......
Fife Forge	32½	......	Carroll (P.J.)	60	......
Finlay Pkg. 5p	18	......	Clondalkin	122	−3
Graig Ship. £1	£16	......	Concrete Prods.	70	......
Higsons Brew	78	+1	Heiton (Hldgs.)	32	......
Holt (Jos) 25p	250	......	Ins. Corp.	250	......
I.O.M. Stm. £1	192	......	Irish Ropes	45	......
Pearce (C. H.)	465	......	Jacob	30	......
Peel Mills	45	+1	T.M.G.	87	......
Sheff. Refrshmt	102½	......	Unidare	80	......
Sindall (Wm.)	143	......			

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4		
Barclays Bank	34	Ladbroke	15	**Property**	
Beecham	18	Legal & Gen.	15	Brit. Land	7
Blue Circle	25	Lex Service	8	Cap. Counties	9
Boots	16	Lloyds Bank	24	Land Secs.	24
Bowaters	15	"Lofs"	3½	MEPC	17
B.A.T.	20	London Brick	6	Peachey	13
Brown (J.)	6	Lucas Inds.	17	Samuel Props.	12
Burton 'A'	10	"Mams"	14	Town & City	2
Cadburys	5½	Mrks. & Spncr	8		
Courtaulds	8	Midland Bank	26	**Oils**	
Debenhams	8	N.E.I.	5	Brit. Petroleum	32
Distillers	17	Nat. West. Bank	27	Burmah Oil	20
Dunlop	7½	P & O Dfd.	10	Charterhall	10
Eagle Star	15	Plessey	14	KCA	11
F.N.F.C.	2¼	Racal Elect.	22	Premier	13
Gen. Accident	21	R.H.M.	4½	Shell	35
Gen. Electric	30	Rank Org.	15	Tricentrol	40
Glaxo	18	Reed Intnl.	16	Ultramar	35
Grand Met.	12	Sears	5		
G.U.S. 'A'	34	Tesco	6	**Mines**	
Guardian	23	Thorn	23		
G.K.N.	20	Trust Houses	12	Charter Cons.	14
Hawker Sidd	15	Tube Invest.	23	Cons. Gold	40
House of Fraser	15	Unilever	40	Lonrho	8
		U.D.T.	5½	Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

FINANCIAL TIMES
Tuesday July 22 1980

Pay targets 'cut below 10%'

BY NICK GARNETT, LABOUR STAFF

MANW major companies have revised targets for their pay settlements in the coming wage round to below 10 per cent, the CBI said yesterday.

The new targets are a response to the worsening economic position of industry.

A reduction in wage settlements would reflect the campaign the CBI is mounting among its members.

Sir Raymond Pennock, its president, said at a Press briefing yesterday that it would be "a further disaster for the economy" if pay increases this year were not kept well within single figures.

Settlements only a few percentage points below the rise in the retail price index, which the Government estimates will have fallen to 16.5 per cent by the end of the year, would not pull inflation more into line with growth of money supply or allow industry to reverse the decline in its competitiveness.

The CBI is very unsure about what will happen in the first few months of the new pay round, starting in August, and is nervous about the prospect of early settlements setting another "going rate" well above 10 per cent.

It was very conscious yesterday that these "targets" and forward expectations of what companies believed the level at which they might reach settlements had not yet been translated into actual settlements, or even into firm budget commitments.

The CBI said the financial vulnerability of some companies might prevent them from resisting strikes, so that they would be unable to achieve single-figure wage deals.

The CBI's anxiety about the possibility of pace-setting deals at high levels was reflected yesterday by Sir Donald MacDougall, CBI chief economic adviser.

He singled out banks and oil companies as having far greater ability to pay than companies in other sectors.

"But if the more fortunate companies reach high settlements, it will make life very difficult for the others, especially those exposed to foreign competition, often with negligible profit margins, if they are faced with high demands on grounds of so-called comparability," he said.

From the CBI point of view this oblique appeal is more applicable to oil companies than banks. The banks are not due to settle until next April, but the wage round for the oil companies starts in the autumn, with the refineries.

The CBI organised two seminars in the past month for senior executives of about 70 leading companies to explain in detail how it viewed the effects of wage settlements on employment and competitiveness.

The CBI projections are that if industry achieved settlements in the coming wage round only a few points below the 12 months' increase in the RPI, the real return on investment of industry would be lower than 1 per cent within two years.

By mid-1982, British industrial competitiveness would be markedly worse than at the end of 1976, and seasonally adjusted unemployment, excluding school-leavers, would be between 2m and 2.5m.

£617m oilfield project approved

BY RAY DAFTER, ENERGY EDITOR

A NORTH SEA oil consortium, led by British Petroleum, is to develop the Norwegian Ula field at a cost of £617m. The Norwegian Storting (parliament) has just approved the development.

The group will use novel production technology to exploit the field, which lies in Norwegian block 7/12, 174 miles (280 km) south-west of Stavanger.

The Ula field, discovered in 1976, is relatively small by North Sea standards, containing about 150m barrels of light, low-sulphur crude oil and a small quantity of natural gas. The field is expected to be on stream by the end of 1983 and output should quickly rise to a four-year plateau of about 70,000 barrels a day. As a yardstick, BP's big Forties field in the North Sea yields oil at the rate of 500,000 b/d. (One barrel contains about 35 gallons.)

BP and its partners—Conoco, Den Norske Stats Oljeselskap (Statoil), and Pelican and Company—have decided to produce the oil through a "wellhead tower," in essence a simple platform structure.

The tower will be linked by a communicating bridge to a purpose-built jack-up platform containing both oil processing and accommodation facilities. The platform, equipped with extending legs, will be able to handle up to 8,000 b/d of oil. It will be the first time such a combination of oil production facilities has been used in the North Sea.

The jack-up platform—it will be the largest of its kind in the world—is particularly suited to developing small offshore fields in relatively shallow water. The bulk of the construction work can be undertaken onshore, keeping down development costs. The rig will be floated into position alongside the tower, and settled on to the seabed. Wells will then be drilled through the tower from the platform.

The processed oil and gas will be transferred by underwater pipeline to Phillips Petroleum's Ekofisk complex of fields, 40 miles away. From there the oil will be piped to Teesside and the gas sent to Emden in North Germany.

The Ula consortium comprises BP Petroleum Development 57.5 per cent). Norske Conoco and Conoco Norway (25 per cent), Statoil (12.5 per cent), and Pelican (5 per cent).

Tyneside yard wins order, Page 6

Continued from Page 1

Electricity monopoly

Minister, announced plans to inject private capital into the Transport Docks and Harbours Board, although he stressed that the Government would maintain a majority stake.

The announcement follows an inquiry instituted by Mr. Fowler in March into ways of introducing private investment.

He told the Commons he proposed changes in the Board's constitution to transform it into a company and to give him powers to sell shares in it.

He stressed two aspects of his plans: first, that he intended to preserve the Board's undertaking as a single management unit, and second, that although the Government would retain a 51 per cent holding this would not involve any intervention in the running of the business.

The Board owns 19 ports in the UK, including Southampton, Hull, Grimsby, Immingham, Swansea and Lowestoft.

Guy de Jonquieres writes: About three years after the Post Office legislation takes effect, it will retain a monopoly only over the first telephone installed in a business or household and over the maintenance of private branch exchanges.

Sir Keith Joseph said yesterday that the Government also planned to allow private operators to offer commercial services, such as data processing, on Post Office circuits.

Initially, such services could be offered only when they did not compete with those already provided by the Post Office. But the Government aimed eventually at total liberalisation of the network and was asking for an independent inquiry into the economic impact of this.

The Government also intended to examine the possibility of allowing private competitors to enter the market for satellite communications services for business users.

The Post Office's present responsibility for setting technical standards for attachments would be transferred to an independent body, possibly the British Standards Institute, in breach of its duties to the members.

Chemicals set record surplus

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE British chemical industry produced a record trade surplus in the first six months of this year—despite growing complaints that it is being squeezed by the strength of sterling and the recession.

Figures released yesterday by the Chemical Industries Association show that the UK trade surplus in chemicals jumped by 45 per cent to £1.099bn in the first half of 1980. The chemicals trade surplus for the whole of 1979 was only £1.510bn.

British chemical exports rose by 13.1 per cent in value compared with the average figure for 1979 but fell by 1 per cent in volume. Imports dropped by 1.2 per cent in value and by 9.4 per cent in volume.

The association said that major customer industries for chemicals—such as building, textiles and cars where chemical producers provide rubber for tyres, paint, plastic seating, plastic insulating materials and plastic components—were all declining sharply in the UK. This was why chemical imports to Britain had fallen. It also explained why the home sales of UK chemical companies had dropped by 15 per cent during the three months from April to June.

But in many other countries, these customer industries were not experiencing such a fierce economic downturn. British chemical producers had therefore been able to increase their exports to £2.780bn during the first half of this year compared with £2.277bn for the same period in 1979.

Coal liquefaction plant plan

BY KEVIN DONE IN FRANKFURT

THE U.S., West Germany and Japan sign final contracts next week for construction of a $1.4bn coal liquefaction plant. It will be one of the largest demonstration plants of direct coal liquefaction technology ever built.

The plant, to be built at Morgantown, West Virginia, will be financed 50 per cent by the U.S., and 25 per cent each by West Germany and Japan. Its capacity for processing will be up to 6,000 tonnes of coal a day.

It is expected to have a liquids output equal to that of a 20,000-barrels-a-day refinery. The main product will be fuel-oil to burn in power stations. Other products include naptha, liquid petroleum gases (propane and butane), and a pipeline gas compatible with natural gas (methane).

The West German and U.S. Governments agreed to share most of the financing in a contract signed at the start of the year. In addition, Japan contracted to join the consortium.

At an industrial level U.S. participation will be by Gulf Oil of the U.S., through Gulf Mineral Resource, its subsidiary. Ruhrkohle, the dominant West German coal-mining group, leads the West German side. Japan is represented by a consortium of five companies led by Mitsui.

The Veba group, West Germany's largest energy concern, is negotiating for a share in the project. Gulf said yesterday the group aimed to complete construction in September, 1984.

'Last offer' for Hay's Wharf

BY MICHAEL CASSELL

THE KUWAIT Investment Office last night made what it described as its "final" cash offer for the shares which it does not already own in The Proprietors of Hay's Wharf.

It increased its first offer of 240p per ordinary share to 250p, valuing the group at £53.7m. Hay's Wharf shares were suspended last week at 253p when it became known that the two sides were holding talks.

Sir David Burnett, chairman of Hay's Wharf, the distribution and shipping to property group, described the revised offer as "opportunistic and inadequate."

The group, which owns over 20 acres of potential development land on London's south bank, said that net assets at March 31, 1980, amounted to £71m, or 330p a share. The total included a £16.5m valuation for the south bank estate.

Barclays Merchant Bank, on behalf of the KIO, said last night that it regretted the Hay's Wharf reaction.

The KIO said it could not accept the higher notional values placed by Hay's Wharf on some of its trading subsidiaries and described them as "irrelevant" because it had no intention of breaking up the business.

According to the Kuwaitis, the redevelopment of the Tooley Street site on the south bank was "beyond the resources of Hay's Wharf as presently constituted."

Provisional Sasse settlement agreed

BY JOHN MOORE

MEMBERS OF the troubled Lloyd's of London underwriting syndicate once headed by Mr. Frederick Sasse may have to meet only £6.25m of their total losses of £21.5m.

A provisional outline for an out-of-court settlement of the stricken syndicate's disputed liabilities has been agreed by lawyers acting for it, Lloyd's, and other parties involved in the Sasse litigation.

More than 40 members of the 110-strong syndicate are suing Lloyd's and several underwriting agents. Members dispute their liabilities on a major part of the £21.5m losses which have arisen, the largest losses that any individual underwriting syndicate at Lloyd's has ever faced.

They have alleged that proper market procedures were not followed in placing insurance business, and that Lloyd's was in breach of its duties to the members.

The latest development comes after weeks of private meetings between lawyers acting for all sides. Final details of the out-of-court compromise have yet to be agreed.

If the deal is confirmed, Lloyd's will expect to meet the liabilities through a rare market "rescue," with the co-operation of other members in its insurance community. A proportion of the liabilities could be met by other syndicates in the market.

A premium may be paid for a guaranteed policy from 1981 levies for the central fund. This fund of last resort was designed to protect policy-holders, to arrange guarantee policies.

It will be the first time since the 1950s that the market will have been asked to co-operate to help an ailing syndicate in this way.

As a result of the likely reduction in the syndicate's liabilities, the members who accepted a standard share of the premium, usually £40,000, will face individual losses of about £60,000 instead of the £220,000 losses expected earlier.

Under the package of measures, which have been agreed provisionally, Lloyd's would indemnify members of the syndicate for any amounts in excess of the aggregate loss of £6.25m for the 1976 underwriting year, while all losses on the 1977 underwriting account would be indemnified.

Since the Sasse syndicate's known losses stand at £21.5m, Lloyd's would be absorbing £15.25m of the syndicate's losses under this arrangement. Lloyd's, however, seeks a contribution from the underwriting agents involved in the action, and will expect to be entitled to any recoveries from the syndicate's other litigation with reinsurers.

Lloyd's said the discussions are far from complete. A hearing in the High Court takes place in chambers today to determine which parties will participate in the planned legal action scheduled for next January. This hearing is proceeding.

Before Lloyd's can approach the market with the settlement plan it must obtain approval from its 16-strong ruling committee. This it hopes to do at tomorrow's regular meeting.

A meeting of all the Lloyd's underwriting agents, who look after the affairs of the 18,552 Lloyd's members, must be held, to gain their approval. Lloyd's will also have to obtain a court order to bind in the agreement the parties involved in the litigation.

Corset impact 'may be swifter'

By Peter Riddell, Economics Correspondent

THE IMPACT of the end of the corset controls last month on the growth of the banks' operations could be "swifter and more substantial than has been thought likely," Mr. Gordon Richardson, the Governor of the Bank of England, told MPs last night.

This implies that sterling M3, the broadly defined money supply, could be inflated over the next few months as a result of the end of the controls.

Mr. Richardson's comments came during a 2½ hour hearing with the Treasury and Civil Service Committee of the Commons as part of its inquiry into monetary policy. Mr. Richardson also stressed his opposition to intervention in the foreign exchange markets to hold down the exchange rate, his scepticism about the issue of indexed gilt-edged stock and the need for a reduction in real incomes over the next year or so.

The existence of the corset controls in hte two years to June led to switching of some bank lending out of conventional forms into commercial bills held outside the banking system. These bills are a form of lending which escape the controls.

But with the end of the corset controls it has been expected that some of this lending will be switched back into conventional advances and count with sterling M3. This would not alter the underlying rate of growth.

Officials have estimated that this switching might be equivalent to between 2 and 3 per cent of sterling M3 spread over a few months. Mr. Richardson's comments imply that the change may be quicker than is generally assumed. It is possible that the switching may have begun already and may show up in the money figures for the month to mid-July.

The Governor was also asked about yesterday's Financial Times report about active studies on the issue of index linked gilts. He stressed that it was "an enormous thing to move the index linking on a large scale."

In particular he pointed to the potential problems if the UK was the only major country in the industrialised world to issue this type of security. There was a risk of attracting the surpluses of oil-producing states, which would result in inflows to the UK and would put upward pressure on the exchange rate.

Weather

UK TODAY

NEAR normal temperatures. Mostly cloudy with sunny intervals. Windy.

London, S.E. England, the Midlands, E. Anglia, Channel Isles
Sunny intervals becoming mostly cloudy, winds moderate increasing to fresh. Max. 20C. (68F.).

Wales, S.W. England, N.W. England
Mostly cloudy, rain and hill fog at times, winds fresh locally perhaps strong. Max. 19C. (66F.).

N.E. England, Borders, E. Scotland
Cloudy, rain at times with hill fog, winds strong. Max. 17C. (63F.).

W. Scotland, Highlands, Ulster
Mostly cloudy, hill fog at first, showers or longer outbreaks of rain, winds strong to gale. Max. 18C. (64F.).

Outlook: Rain followed by brighter weather spreading from the North-West.

WORLDWIDE

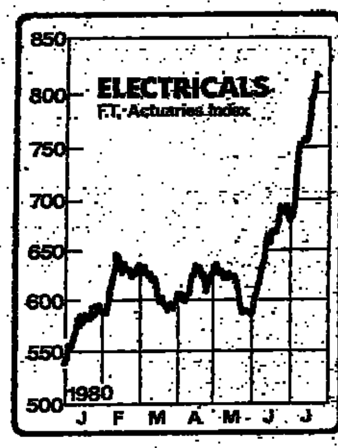
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	23	73	L. Plms.	S	25	77
Algiers	S	26	79	Lisbon	S	30	86
Amsdm.	C	14	57	Locarno	F	22	72
Athens	S	29	84	London	F	18	64
Bahrain	S	43	109	Luxmbg.	C	12	54
Barcina.	S	24	75	Madrid	S	29	84
Beirut	C	28	82	Majorca	S	25	77
Belfast	F	16	61	Malaga	S	29	84
Belgrd.	S	32	90	Malta	S	27	81
Berlin	C	16	61	M'chstr.	C	15	59
Biarritz	F	20	68	Melbne.	R	14	57
Bmghm.	C	16	61	Milan	S	25	77
Blackpl.	C	15	59	Mntreal.	R	19	66
Bordx.	C	20	68	Moscow	R	20	68
Boulgn.	F	15	59	Munich	C	13	55
Bristol	F	17	63	Nairobi	C	18	64
Brussels	C	13	55	Naples	F	25	77
Budpst.	C	18	64	N. York	S	34	93
B. Aires	C	19	65	Nice	S	26	79
Cairo	S	34	92	Oporto	S	26	79
Cardiff	S	16	61	Oslo	R	15	59
Cas'b'ca	S	27	81	Paris	F	18	64
Cape T.	S	19	66	Perth	S	15	59
Chicago	R	23	73	Prague	C	14	57
Cologne	R	13	55	Reykjvk.	S	12	54
Cpnhgn.	R	17	63	Rhodes	S	29	84
Corfu	S	28	82	Rio J'o	S	25	77
Dublin	C	15	59	Rome	F	25	77
Dbrvnk.	S	27	81	Salzbrg.	C	13	55
Ednbgh.	F	17	63	Singapr.	C	28	82
Faro	S	30	86	Stckhm.	C	19	66
Florence	F	25	77	Strasbg.	C	15	59
Frankft.	R	16	59	Sydney	S	16	60
Funchal	S	23	73	Tangier	S	30	86
Geneva	C	13	55	Tehran	S	30	86
Gibrltr.	S	26	79	Tel Aviv	S	29	84
Glasgow	F	14	57	Tenerife	S	22	72
G'nsey	S	15	59	Tokyo	C	29	84
Helsinki	C	18	64	Toronto	S	22	72
H. Kong	S	32	89	Tunis	S	34	93
Innsbrk.	C	13	55	Valencia	C	24	75
Invrnss.	F	16	61	Venice	F	20	68
Istanbul	S	30	86	Vienna	C	16	61
Jersey	S	15	59	Warsaw	C	18	64
Jo'burg	S	16	61	Zurich	F	14	57

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

Untapped potential in telephones

Index fell 1.3 to 496.0



The adjustments announced yesterday to the Post Office's telephone monopoly are in themselves far from being dramatic—the newly-created British Telecommunications will retain firm control over the network and the first telephone on each line—but they do highlight the far more important developments that are taking place within the sector. Along with defence, telecommunications has been identified by the stock market as offering tremendous growth opportunities, mainly arising from advances in electronics. A select few shares have produced impressive relative performances in recent months; they include GEC, Plessey, STC and Ferranti. The FT-Actuaries Electricals sector index has put on 50 per cent this year.

The electricals sector index has advanced by almost 40 per cent since the beginning of June against under a fifth for the All-Share index during the same period. The surge has happened partly because good results or confident forecasts have been produced by a number of the key constituents, notably GEC and Plessey in recent weeks. Moreover this comes at a time when the recession has seriously affected most other manufacturing sectors, thus generating a dearth of high quality investment opportunities. Major investors are creating a kind of two-tier market, and are looking abroad rather than bidding up the second-line companies.

As for yesterday's announcement on add-on equipment, the companies seem to be relieved that their arguments in favour of restricting overseas competition in the early years have been heeded. Thus it will be four years from now—three years after the changes are legally implemented—before the market is fully open to competitive equipment, and even then there will be somewhat nebulous "technical" restrictions, which could be used to cushion home suppliers.

More important in the short to medium term, will be the advantages that the domestic manufacturers have in providing the high level of sales and service back-up that will be required in business users market, where the bulk of the expansion will come. If the market expands as it should do, these UK producers will hope to develop competitive and attractive products which will be exportable. The main exchange manufacturers will also no doubt hope that the increase in traffic through the network will generate a requirement for an acceleration of the planned growth in capacity.

Company finances

Not for the first time, the official figures for the appropriation account of industrial and commercial companies have to introduce a large unexplained item in order to bridge the gap between the companies' borrowing requirement and their financial deficit. The borrowing requirement jumped from £1.1bn to £3.6bn between the last quarter of 1979 and the first quarter of 1980, and a large rundown of cash balances (as well as heavy bank borrowing) was required to finance it. In contrast to this alarmingly high figure, the financial deficit shows a contraction from £1.7bn to £¾bn; capital spending remained high, but profits held up and there was a switch from stockbuilding to destocking.

The problem is to reconcile the two. There is a £1.4bn unfavourable swing between the two quarters in trade and other credit, which seems to relate to oil company transactions with BNOC and the payment of overdue telephone bills. And the series for the first quarter contains a £1.1bn item for unidentified transactions. There may well be substantial revisions to the figures by the time the second quarter figures — doubtless reflecting lower trading profits partially offset by more destocking — are published.

Hay's Wharf

The Kuwait Investment Office is only prepared to increase from 240p to 250p cash per share its offer for the 67.3 per cent of the Proprietors of Hay's Wharf which it does not already own—terms which have produced a swift thumbs down from the UK company. The wording of last night's statement means that under the takeover rules the Kuwaities could not now improve their offer even if they wanted to—and they argue that this should not be necessary, since they are offering just over 50 per cent more than the market price prior to the first approach. But since then, there has been some material new information about what Hay's Wharf is worth.

In particular, first details of its asset revaluation show that its net worth has risen from 196p per share last September on valuations in 1978 or earlier, to 330p per share. Very roughly 30p of this increase arises from the Tooley Street Estate. A planning decision on this project is expected any moment, and on the assumption that it is favourable, Hay's Wharf has put the estate in at £16½m, or nearly 77p per share.

Provided these valuations stand up, Hay's Wharf will have a good case for fighting off this bid. Excluding Tooley Street, its trading assets are being valued on a (lowly taxed) p/e of 7, which is not wildly generous. Everything depends on the attitude of the institutional shareholders, who control about 23 per cent of the equity.

Alexanders Discount

The new fashion among the discount houses is not some innovation in the ineligible bill market, but dividend disparity reduction. Alexanders Discount has raised its interim by 22 per cent, but it cautions—like Union Discount, after its 40 per cent increase last week—that it cannot promise to be so generous at the final.

Alexanders does not seem to have worried much about disparity in the past, and it seems likely that it, like the rest of the sector, is confident of very favourable conditions over the next few months. During the first half, wide running margins on commercial bills allowed it to trade profitably, which must have been good for morale; it admitted substantial losses last year, following an "unprofitable" 1978.

Over the last two months Alexanders has gradually lengthened its book in anticipation of lower interest rates, and increased its exposure to gilt-edged. Taking the last two dividends together, its shares yield 9 per cent at 275p, compared with a 6.4 per cent yield at Union, which—having kept its balance sheet intact over two difficult years—is in a stronger position to enjoy a bull market.

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